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U. S. Federal Trade Commission.

FOOD INVESTIGATION

REPORT

OF

THE FEDERAL TRADE COMMISSION

ON THE

MEAT-PACKING INDUSTRY

▼

SUMMARY AND PART I

JUNE 24, 1919.

WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

FEDERAL TRADE COMMISSION.

William B. Colver, *Chairman.*
John Franklin Fort.
Victor Murdock.
Huston Thompson.

J. P. Yoder, *Secretary.*

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U.S. Govt.
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4-2-1924

ACKNOWLEDGMENT.

In the direction of the investigation and the preparation of the various parts of the report, especial acknowledgment is made by the Commission to the following members of its staff:

Walter Y. Durand, who had general charge of the investigation and of drafting the report; Francis J. Heney, who conducted the public hearings of inquiry and the investigation of facts connected therewith; Arthur B. Adams and Basil M. Manly, who assisted Mr. Heney in, respectively, the investigations and the hearings; Stuart Chase and Samuel W. Tator, who had general direction of investigating the accounts; and George A. Stephens, who had charge of the statistical work and also, with Mr. Adams, of the investigation of marketing methods. All the foregoing, except Mr. Heney, contributed in an important degree to the drafting of one or more parts of the report.

Important aid in the preparation of portions of the report or in the investigation was given by William W. Bays, Vanderveer Custis, John H. Dynes, E. A. Goldenweiser, Earl S. Haines, A. S. Kravitz, William F. Notz, Johann G. Ohsol, Edwin C. Reed, and G. O. Virtue.

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The Commission also acknowledges its indebtedness to the Department of Agriculture for its cooperation in furnishing, for Part I of the report, a chapter on the "Physical operations of by-product preparation and manufacture," prepared by Charles V. Whalin, of the Bureau of Markets, giving the results of studies in this field.

It is expected that other contributions to the report will be received from the Department of Agriculture.

FOOD INVESTIGATION

MEAT-PACKING INDUSTRY

SUMMARY AND PART I

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FEDERAL TRADE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, 24 June, 1919.

SIR: I have the honor to submit herewith the Summary and Part I of the Report of the Federal Trade Commission on the Meat-Packing Industry, the investigation of this industry being one phase of the food investigation, made in accordance with your direction.

The Summary, previously transmitted to you, is supported by a series of volumes, the present volume, Part I, treating of the extent and historical development of the control over meat, food, and other industries attained by the five principal meat packers of the country.

By direction of the Commission.

Yours very truly,

WILLIAM B. COLVER,
Chairman.

THE PRESIDENT, *White House.*

SUMMARY OF REPORT ON MEAT-PACKING INDUSTRY.

LETTER TO THE PRESIDENT.

3 JULY, 1918.

To the PRESIDENT OF THE UNITED STATES.

SIR: On February 7, 1917, you directed the Federal Trade Commission to "investigate and report facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs and the products or by-products arising from or in connection with their preparation and manufacture; to ascertain the facts bearing on alleged violations of the antitrust acts, and particularly upon the question whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest," to the end that "proper remedies, legislative or administrative, may be applied."

On July 1, 1917, funds for carrying out this direction became available and the Commission undertook the task.

The work fell naturally into various divisions and reports have already been made to you with reference to the milling and jobbing of wheat flour and the preparation and distribution of certain canned food products. Other divisions will be the subject of reports to you as rapidly as the results of our studies can be reduced to proper form. At this time we are reporting to you on the meat-packing industry.

Answering directly your question as to whether or not there exist "monopolies, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law and the public interest," we have found conclusive evidence that warrants an unqualified affirmative.

This evidence in summary form accompanies this letter and will be set forth in more detailed form in seven reports in support of our findings and recommendations, which will be placed in your hand at the earliest possible moment.

While we have found and will disclose to you an intricate fabric of "monopolies, controls, combinations, conspiracies, and restraints"

which would seem to indicate a similarly complex and minute system of legislative or administrative remedies, we believe that an adequate remedy may be more simply arrived at.

We believe that if the fundamental and underlying evils are rooted out the whole structure of conspiracy, control, monopoly, and restraint must fall.

If we are correct in this judgment, the task of applying legislative and administrative remedy is greatly simplified.

It appears that five great packing concerns of the country—Swift, Armour, Morris, Cudahy, and Wilson—have attained such a dominant position that they control at will the market in which they buy their supplies, the market in which they sell their products, and hold the fortunes of their competitors in their hands.

Not only is the business of gathering, preparing, and selling meat products in their control, but an almost countless number of by-product industries are similarly dominated; and not content with reaching out for mastery as to commodities which substitute for meat and its by-products, they have invaded allied industries and even unrelated ones.

The combination has not stopped at the most minute integration but has gone on into a stage of conglomeration, so that unrelated heterogeneous enterprises are brought under control.

As we have followed these five great corporations through their amazing and devious ramifications—followed them through important branches of industry, of commerce, and of finance—we have been able to trace back to its source the great power which has made possible their growth. We have found that it is not so much the means of production and preparation, nor the sheer momentum of great wealth, but the advantage which is obtained through a monopolistic control of the market places and means of transportation and distribution.

If these five great concerns owned no packing plants and killed no cattle and still retained control of the instruments of transportation, of marketing, and of storage, their position would not be less strong than it is.

The producer of live stock is at the mercy of these five companies because they control the market and the marketing facilities and, to some extent, the rolling stock which transports the product to the market.

The competitors of these five concerns are at their mercy because of the control of the market places, storage facilities, and the refrigerator cars for distribution.

The consumer of meat products is at the mercy of these five because both producer and competitor are helpless to bring relief.

The stock car is a part of the equipment of the common carrier whose services are necessary to the producer of meat animals so that he may reach the market. The railroads furnish suitable cars for the transportation of other kinds of freight, and as to the use of such cars the miner of coal or the manufacturer of furniture are on an equality, but in the matter of transportation of live stock to a small degree there comes in a private ownership and a control and a manipulation of the means of transportation—the stock car—so it is that we recommend:

> 1. That the Government acquire, through the Railroad Administration, all rolling stock used for the transportation of meat animals and that such ownership be declared a Government monopoly.

In the transportation of all other kinds of freight the transportation companies provide proper and suitable freight depots. The proper and suitable freight depot for live stock is a stockyard with its equipment of exchange buildings, terminal railways, and means of distributing full, unbiased, helpful market information, etc. We therefore recommend:

> 2. That the Government acquire, through the Railroad Administration, the principal and necessary stockyards of the country, to be treated as freight depots and to be operated under such conditions as will insure open, competitive markets, with uniform scale of charges for all services performed, and the acquisition or establishment of such additional yards from time to time as the future development of live-stock production in the United States may require. This to include customary adjuncts of stockyards.

A requisite for the proper transportation of fresh meat and dairy products is that type of rolling stock known as refrigerator cars. The railroads supply proper, special types of cars for other classes of freight, but the beef refrigerator cars and icing facilities, which are absolutely necessary for the transportation and distribution of fresh meats, are in private ownership. This ownership furnishes these five great packing companies one of their most powerful means for controls, manipulations, and restraints. Lacking access on equal terms to these facilities competitors of the five great packers are at their mercy, and, competition being stifled, the consumer similarly is helpless. We therefore recommend:

> 3. That the Government acquire, through the Railroad Administration, all privately owned refrigerator cars and all necessary equipment for their proper operation and that such ownership be declared a Government monopoly.

Proper freight houses are provided by common carriers for the various sorts of freight except meat and perishable products. The indicated freight depot for such commodities is a cold-storage house. Such a depot used as a distributing station, if free of access to all, would constitute an agency for fair and free competition. Such a depot in private hands, as now, constitutes an invincible weapon for monoply and control and manipulation. We therefore recommend:

> 4. That the Federal Government acquire such of the branch houses, cold-storage plants, and warehouses as are necessary to provide facilities for the competitive marketing and storage of food products in the principal centers of distribution and consumption. The same to be operated by the Government as public markets and storage places under such conditions as will afford an outlet for all manufacturers and handlers of food products on equal terms. Supplementing the marketing and storage facilities thus acquired, the Federal Government establish, through the Railroad Administration, at the terminals of all principal points of distribution and consumption, central wholesale markets, and storage plants, with facilities open to all upon payment of just and fair charges.

The Commission believes that these four suggestions strike so deeply at the root of the tree of monopoly that they constitute an adequate and simple solution of a problem the gravity of which will be unfolded to you in the pages which follow.

Out of the mass of information in our hands, one fact stands out with all possible emphasis. The small dominant group of American meat packers are now international in their activities, while remaining American in identity. Blame which now attaches to them for their practices abroad as well as at home inevitably will attach to our country if the practices continue. The purely domestic problems in their increasing magnitude, their monoplization of markets and their manipulations and controls, grave as those problems are, are not more serious than those presented by the added aspect of international activity. This urgently argues for a solution which will increase and not diminish the high regard in which this people is held in international comity.

Some show of competition is staged by the five great packing companies. It is superficial. There is the natural rivalry of officials and departments, and this is made much of as indicating the existence of real competition. It is not real. How sham it is will be fully set out in the accompanying summary and the complete reports.

Some independent packers exist by sufferance of the five, and a few hardy ones have survived in real competition. Around such few of these as remain the lines are drawing in.

Having answered affirmatively the question to which you directed our attention and having summarized what we believe to be the simplest form of an adequate remedy, and before proceeding to a more detailed discussion of the subject, we make acknowledgment of the tireless industry, the fidelity to the public interest, and the patience and forbearance of the men who have composed the Commission's staff in this inquiry.

These men have met and overcome every obstacle that ingenuity and money could devise to impede them. Space forbidding individual mention, we make this general acknowledgment and this seems the proper time to call to your attention again and especially the work of Mr. Francis J. Heney, whose conduct of the case, because of its success, has met with condemnation, misrepresentation, and criticism. We contrast Mr. Heney's legal ethics with the legal ethics of the men by whom he was opposed.

The Commission, through Mr. Heney, had to meet deliberate falsification of returns properly required under legal authority; we had to meet schools for witnesses where employees were coached in anticipation of their being called to testify in an investigation ordered by you and by the Congress of the United States; we had to meet a situation created by the destruction of letters and documents vital to this investigation; we had to meet a conspiracy in the preparation of answers to the lawful inquiries of the Commission.

We will not trespass upon your time to go into details as to the legal and business ethics employed, but on the foregoing statement, which we are prepared to substantiate in every detail, we contrast the ethics of the Commission's legal and investigating staff with the legal staffs of the five great companies. And in leaving this part of the subject, we say as we have said repeatedly to you during the time of the investigation, that Mr. Heney's conduct of the case, as well as that of the other agents and attorneys of the Commission, was under the direct supervision of the Commission, the acts were performed with the knowledge and under the direction of the Commission, and the Commission assumes all responsibility for them.

Respectfully,

William B. Colver,
Chairman.
John Franklin Fort.
Victor Murdock.

SUMMARY OF REPORT.

This report, while dealing generally with the problem of the meat industry, is more particularly a study of the activities of the five principal meat-packing corporations (Armour & Co., Swift & Co., Morris & Co., Wilson & Co., Inc., and the Cudahy Packing Co.) in all fields, in so far as they bear on the production and distribution of food. This concentration of attention is adopted by the Commission because we are convinced that their power and influence over the production and distribution of food are dominant and because it is our judgment that until their activities are curbed and their control is eliminated, all measures looking to the improvement of the food situation will be relatively ineffective.

The pages which follow contain a summary of the evidence upon which our findings and recommendations are based. This summary shows:

First.—The magnitude of the large meat-packing companies, the extensive ramifications of their interests, and the instruments by which they have established and maintain control.

Second.—The nature of their combination, with details of the various agreements and combinations.

Third.—The practices of the combination and their social and economic effects.

Fourth.—The remedy proposed.

The detailed evidence, including hundreds of documents taken from the files of the packing companies, about 9,000 pages of sworn testimony, and many thousand pages of field reports of agents of the Commission has been carefully analyzed and digested, and will be laid before the President as rapidly as the various sections can be put in final form.

Before proceeding to the findings of the Commission it is desirable to consider briefly some of the difficulties encountered in the investigation, because of the light which will thus be thrown upon the facts and the conclusions to be presented. In the first place, the packers have important interests in fields where the Commission's inquisitorial powers are limited, but which are nevertheless of the greatest significance in connection with their activities in the food industry. Thus, for example, they are closely linked with a large

number of banks, trust companies, and railroads, which connections are utilized, often unfairly if not illegally, for the promotion of the packers' interests in the food industry.

This would not be of vital consequence if the officials of the packing companies could be relied upon to furnish accurate and reliable information, or if their records were kept in such a way as to reveal the true state of their affairs. At the beginning of the investigation the Commission attempted to proceed on these assumptions, but it was soon demonstrated that the records of the companies, particularly as regards stockholders' lists and other evidences of ownership, were constructed to conceal rather than reveal facts; that important documents had been removed from their proper places in the files, and that the reports of some of the most important corporations and the statements of their officials could not be accepted. Thus, Armour & Co. in their report, attested by the vice president, Arthur Meeker, among other falsifications, omitted the company's interest in the Chicago Stock Yards, amounting to $1,552,000, although the treasurer of the company testified that the transfer of this property from J. Ogden Armour to the company had been made prior to the time the report was prepared. That the omission was willful and part of a general plan to conceal the interest in the stockyards is evidenced by the facts that admission of Armour's interest was made only when the Commission's examiner was on the point of discovering the truth, and that Arthur Meeker on June 6, 1916, stated before the Committee on the Judiciary of the House of Representatives that "the Armour people have no interest in the Chicago stockyards."

The Commission is also in possession of documentary evidence that a committee was formed by Swift & Co. to "coach" employees who might be called upon to testify or give information to the agents of this Commission and other Government bodies.

We know also that the five packing companies—Armour, Swift, Morris, Wilson, and Cudahy—conspired together in the preparation of their answers to the Commission's inquiries to the end that all should agree. As part of the evidence in our possession substantiating this statement, the following letter is submitted:

AUGUST 2, 1917.

Messrs. G. F. SWIFT, Jr., F. S. HAYWARD, R. C. MCMANUS, A. D. WHITE, J. M. CHAPLIN, L. D. H. WELD:

Mr. Veeder informs me that he has, at different times, talked to Messrs. Thos. E. Wilson, M. W. Borders, C. J. Faulkner, James Sheehan (retained by Armour & Company for this investigation) and Thos. Creigh and has suggested to them that each firm prepare its own answer to the questionnaire received recently from Commissioner Davies and that when the answers have been completed we have a conference for the purpose of discussing objectionable things, if any, which might be contained in the individual reports.

All of the gentlemen to whom Mr. Veeder has talked have agreed to this policy and it is Mr. Veeder's idea that as soon as our people have formulated our reply we should have a meeting among ourselves to consider it and that we should at that meeting discuss the advisability of exchanging copies of letters with the others as against simply bringing our letters into a meeting to be discussed there without exchange of copies.

Told him that I thought that this was a point that ought to be given very careful consideration, and that we would not want to commit ourselves at this time to an exchange of letters with the others.

Told him that when our material was ready would arrange for meeting of all interested who were in town at that time.

Will Mr. White please advise me when the data is in shape to be considered in a conference of our own people?

Wm. B. Traynor,
Secretary to Committee.

LL

In addition to the general "combing" of the companies' files in anticipation of the investigation, attempts were made on certain occasions to abstract important documents from the files under the eyes of our agents. G. S. Shepard, vice president of Cudahy Packing Co., admitted that he had ordered his stenographer to make an incorrect copy of a letter which the Commission's agent had requested, and had himself destroyed the document. Finally it may be stated that the attorney for Morris & Co., M. W. Borders, when put on the witness stand under oath, after first demanding immunity on the ground that his testimony might tend to incriminate him, proceeded to make statements which were disproved by the documents, many signed by himself, with which he was later confronted.

Cases of this nature involving violations of the law have been placed in the hands of the Department of Justice for appropriate action.

It should be remembered also in considering the results of this investigation that these corporations are now operating under a Federal injunction issued in 1903; that they had been informed by the Attorney General in 1912, at the dissolution of the National Packing Co., that they would be the objects of close scrutiny and inspection: and that a committee of their confidential employees reported on April 10, 1916, that "as matters now stand criminal prosecutions are sure to follow."

These facts have been cited at the beginning of the report, not so much for the light which they throw upon the character of the corporations and individuals under investigation but because they demonstrate that this report, based as it is upon documentary evidence of the corporations, is an understatement rather than an overstatement of the situation.

SUMMARY OF FINDINGS.

Five corporations—Armour & Co., Swift & Co., Morris & Co., Wilson & Co., Inc., and the Cudahy Packing Co.—hereafter referred to as the "Big Five" or "The Packers," together with their subsidiaries and affiliated companies, not only have a monopolistic control over the American meat industry, but have secured control, similar in purpose if not yet in extent, over the principal substitutes for meat, such as eggs, cheese, and vegetable-oil products, and are rapidly extending their power to cover fish and nearly every kind of foodstuff.

In addition to these immense properties in the United States, the Armour, Swift, Morris, and Wilson interests, either separately or jointly, own or control more than half of the export-meat production of the Argentine, Brazil, and Uruguay, and have large investments in other surplus meat-producing countries, including Australia. Under present shipping conditions the big American packers control more than half of the meat upon which the allies are dependent.

The monopolistic position of the Big Five is based not only upon the large proportion of the meat business which they handle, ranging from 61 to 86 per cent in the principal lines, but primarily upon their ownership, separately or jointly, of stockyards, car lines, cold-storage plants, branch houses, and the other essential facilities for the distribution of perishable foods.

The control of these five great corporations, furthermore, rests in the hands of a small group of individuals, namely, J. Ogden Armour, the Swift brothers, the Morris brothers, Thomas E. Wilson (acting under the veto of a small group of bankers), and the Cudahys.

A new and important aspect was added to the situation when the control of Sulzberger & Sons Co. (now known as Wilson & Co., Inc.) was secured, 1916, by a group of New York banks—Chase National Bank; Guaranty Trust Co.; Kuhn, Loeb & Co., William Salomon & Co.; and Hallgarten & Co. The report of the committee appointed by the House of Representatives to "Investigate the concentration of control of money and credit" (the Pujo committee) states (p. 59): "Morgan & Co. controls absolutely the Guaranty Trust Co." The Chase National Bank, a majority of its stock being owned by George F. Baker, is closely affiliated with the First National Bank. William Salomon & Co. and Hallgarten & Co. are closely affiliated with Kuhn, Loeb & Co. Thus we have three of the most powerful banking groups in the country, which the Pujo committee classed among the six "most active agents in forwarding and bringing about the concentration of control of money and credit" now participating in the rapidly maturing food monopoly above described. The entrance of the bankers into the packing business, it should also be noted, was

not at all displeasing to the big packers. J. Ogden Armour and Louis F. Swift were frequently consulted during the negotiations, and Paul D. Cravath is quoted by Henry Veeder as giving assurance that the final arrangements would be "more than satisfactory" to Armour and Swift.

The menace of this concentrated control of the Nation's food is increased by the fact that these five corporations and their five hundred and odd subsidiary, controlled, and affiliated companies are bound together by joint ownership, agreements, understandings, communities of interest, and family relationships.

The combination among the Big Five is not a casual agreement brought about by indirect and obscure methods, but a definite and positive conspiracy for the purpose of regulating purchases of live stock and controlling the price of meat, the terms of the conspiracy being found in certain documents which are in our possession.

There are undoubtedly rivalries in certain lines among the five corporations. Their agreements do not cover every phase of their manifold activities, nor is each of the five corporations a party to all agreements and understandings which exist. Each of the companies is free to secure advantages and profits for itself so long as it does not disturb the basic compact. Elaborate steps have been taken to disguise their real relations by maintaining a show of intense competition at the most conspicuous points of contact.

The Armour, Swift, Morris, and Wilson interests have entered into a combination with certain foreign corporations by which export shipments of beef, mutton, and other meats from the prinicpal South American meat-producing countries are apportioned among the several companies on the basis of agreed percentages. In conjunction with this conspiracy, meetings are held for the purpose of securing the maintenance of the agreement and making such readjustments as from time to time may be desirable. The agreements restrict South American shipments to European countries and to the United States.

Since the meat supplies of North and South America constitute practically the only sources from which the United States and her allies can satisfy their needs for their armies, navies, and civil populations, these two agreements constitute a conspiracy on the part of the Big Five, in conjunction with certain foreign corporations, to monopolize an essential of the food of the United States, England, France, and Italy.

The power of the Big Five in the United States has been and is being unfairly and illegally used to—

Manipulate live-stock markets;
Restrict interstate and international supplies of foods;
Control the prices of dressed meats and other foods;

Defraud both the producers of food and consumers;
Crush effective competition;
Secure special privileges from railroads, stockyard companies, and municipalities; and
Profiteer.

The packers' profits in 1917 were more than four times as great as in the average year before the European war, although their sales in dollars and cents at even the inflated prices of last year had barely doubled. In the war years, 1915–'16–'17, four of the five packers made net profits of $178,000,000.

EXTENT OF "BIG FIVE" OWNERSHIP AND CONTROL.

The meat industry.—The most satisfactory single index of the proportion of the meat industry controlled by the Big Five is the fact that they kill, in round figures, 70 per cent of the live stock slaughtered by all packers and butchers engaged in interstate commerce. In 1916 the Big Five's percentage of the interstate slaughter, including subsidiary and affiliated companies, was as follows:

Cattle	82.2
Calves	76.6
Hogs	61.2
Sheep and lambs	86.4

Illustrative of how completely effective competition has been eliminated from the meat industry is the fact that there is only one independent packer—Kingan & Co.—who slaughters as much as 1 per cent of the interstate total of cattle, and only nine independents who slaughter as much as 1 per cent of the interstate total of hogs.

The big packers, in presenting their case to the public, have given great emphasis to certain figures purporting to prove that the Big Five handle "not to exceed one-third of the total meat production of the United States." This result can be obtained only by juggling figures; for example, by omitting from the Big Five's total the animals slaughtered by their affiliated companies. Their statement is further deceptive, because under "total meat production of the United States" are included all the animals killed on the farm for home consumption. On this theory, monopoly could not be considered to exist in the meat industry, even if every pound of meat consumed in towns and cities were handled by a single company, so long as farmers continued to kill their own hogs and cows.

Control of the meat industry carries with it not only control of all kinds of fresh and preserved meats, but in addition a very great competitive advantage in more than a hundred products and by-products arising in connection with their preparation and manufacture, ranging in importance from hides and oleomargarine to sand-

paper and curled hair. In all these lines the Big Five's percentage of control, as compared with other slaughterers, is greater even than the percentage of animals killed, because of the fact that many of the small packers are not equipped or have been unable to utilize their by-products.

Foreign interests.—The investigation of the foreign interests of the American packers is not yet complete. The following list of those companies which thus far have been identified as subsidiary to or affiliated with the Big Five is indicative of the extent of their activities abroad:

Armour:
- Armour & Co. of Australasia (Australia and New Zealand).
- Armour & Co. of Uruguay (Uruguay).
- Companhia Armour do Brazil (Brazil).
- Frigorifico Armour de la Plata (Argentina).
- Dominion Tanneries (Ltd.) (Canada).
- Armour Canadian Grain Co. (Canada).
- Allen & Crom (Ltd.) (Great Britain).
- Armour & Co. (Ltd.) (Great Britain).
- Fowler Bros. (Ltd.) (Great Britain).
- James Wright & Co. (Great Britain).
- Times Cold Storage Co. (Great Britain).
- Armour & Co. (Frankfort) (Germany).
- Armour et Compagnie Société Anonyme (France).
- Armour Societa Anonima Italiana (Italy).
- Armour & Co. (Ltd.) (Denmark).

Armour & Morris:
- Sociedad Anónima La Blanca (Argentina).

Cudahy:
- Cudahy & Co. (Ltd.) (Australia).
- The Cudahy Packing Co. (Ltd.) (Great Britain).

Morris:
- Morris Beef Co. (Ltd.) (Great Britain).
- Haarers (Ltd.) (Great Britain).

Swift:
- Australian Meat Export Co. (Ltd.) (Australia).
- Companhia Swift do Brazil (Brazil).
- Compañía Swift de la Plata (Argentina).
- Compañía Swift de Montevideo (Uruguay).
- Compañía Paraguaya de Frigorifico (Paraguay).
- Swift Canadian Co. (with its selling branches) (Canada).
- Libby, McNeill & Libby of Canada (Canada).
- Libby, McNeill & Libby of London (Great Britain).
- Curry & Co. (Ltd.) (Great Britain).
- Garner, Bennett & Co. (Ltd.) (Great Britain).
- H. A. Lane & Co (Ltd.) (Great Britain).
- H. L. Swift Stall (Great Britain).
- Swift Packing Co. (Ltd.) (France).
- Franklin Land & Investment Co. (Great Britain).
- Swift Beef Co. (Ltd.) (Great Britain).

Wilson:

Frigorifico Wilson de la Argentina (Argentina).
Archer & Co. (Ltd.) (Great Britain).
Nuttall Provision Co. (Ltd.) (Great Britain).

Their present and prospective positions in the Commonwealths of the Pacific are well described by the following extract from a communication from the American consul general, Auckland New Zealand, to the Secretary of State, dated April 26, 1918:

I have the honor to advise that the Hon. W. D. S. MacDonald, minister of agriculture, industries and commerce of New Zealand, has asked me to secure for him and the use of the New Zealand Government all the information possible relative to the investigation made by the United States Federal Trade Commission into the American Meat Trust; and I should very greatly appreciate it if I might be furnished with at least two or three copies of this information for the honorable minister, who indicated that he would like at least that many.

In this connection I wish to explain that the operations of the American Meat Trust are of very great interest to New Zealand stock raisers, since they are very greatly alarmed over their actions in this part of the world, fearing that they propose to get control of the meat business in this Dominion. Armour & Co. already have an office at Christchurch, and have employed one of the most expert stockmen in this Dominion.

This question is being discussed extensively in and out of Government circles, and I believe it will be wise to make it clear that the American Government is in no wise connected with or fostering the methods used by what is known as the American Meat Trust.

Substitutes for meat.—The business of the packing companies originally was limited to the slaughter of live stock and the distribution of meat and animal products and by-products. Now, however, they are rapidly extending their control over all possible substitutes for meat—fish, poultry, eggs, milk, butter, cheese, and all kinds of vegetable oil products—and have secured strategic points of collection, preparation, and distribution of these products.

Swift & Co. is the greatest butter distributor in the United States, handling in 1916, in round figures 50,000,000 pounds, or nearly as much as the combined sales of the two largest nonpacker organizations.

Judged conservatively by trade estimates, the Big Five packers handle at least half of the interstate commerce in poultry and eggs and in cheese. The packers are also important factors in the preparation and distribution of condensed and evaporated milk, and are rapidly increasing their proportion. Wisconsin, the leading State in the production of butter and cheese, is covered by their creameries, condensaries, and buying stations, and a similar process of concentration and control is already evident in the other principal dairy States.

Vegetable-oil products are becoming increasingly important as substitutes for animal fats. The most abundant and widely used of the vegetable oils in the United States is cottonseed oil, of which 31.8 per cent was refined by the five big packers in 1916. The most important by-product of the cottonseed-oil industry is cottonseed cake, which is in great demand by live-stock producers.

Canned fruits, vegetables, etc.—Fruit and vegetable canning and preserving are remote from slaughtering and meat packing, but the big packers, through ownership of refrigerator-car lines and their branch-house system of distribution, possess special advantages for control of this field of industry. The Big Five's advantage in this field rests not so much on their ownership of canning factories, although in some branches their output amounts to more than a quarter of the total for the United States, as upon their rapidly growing control of the wholesale distribution of canned goods. Indicative of the size and rapid expansion of the packers' canned-goods business is the fact that Armour & Co. increased their canned-goods sales from about $6,500,000 in 1916 to about $16,000,000 in 1917, whereas the combined sales of these products by Austin Nichols Co. and Sprague, Warner & Co., two of the largest independent wholesalers, amounted to only a little more than $6,000,000 in 1917.

Staple groceries and vegetables.—Recently the big packers began dealing in various staple groceries and vegetables, such as rice, sugar, potatoes, beans, and coffee, and increased their sales at such a great rate that in certain of these lines they have become dominant factors. Here again the immense selling organization of the packers, built up in connection with their meat business, assures them almost certain supremacy in any line of food handling which they may wish to enter.

Armour's drive into the rice market in a single year is perhaps the most striking instance of the potentialities in this direction. Early in 1917 Armour & Co. first undertook the handling of rice, and in that one year sold more than 16,000,000 pounds of rice, thus becoming at a single move, on the statement of the vice president of the company, "the greatest rice merchant of the world." During this period the wholesale price of rice increased 65 per cent.

Grain.—Armour is the only one of the big packers who appears to be interested in the grain trade, although James A. Patten, a large stockholder of Swift & Co., is also one of the important factors in the cereal markets.

The Armour Grain Co. is a close corporation, in which J. Ogden Armour owns 64 per cent of the stock and other members of the family 22.9 per cent. Directly or through its subsidiary or trade-

name companies the Armour Grain Co. operates over 90 country elevators. Its 8 terminal elevators at Chicago and its 2 elevators at Kansas City constitute 25 per cent of the total elevator capacity of these cities. In 1917 it handled 75,000,000 bushels, or 23 per cent of all receipts of grain at Chicago, the greatest market in the world, and its business is rapidly growing. Nearly all of this was directly merchandised and only a small fraction sold on commission.

In the manufacture of breakfast foods and stock and chicken feeds the Armour Grain Co. is expanding, especially in the line of producing retail brands. Within three years it has undertaken the manufacture of Armour's Oats, has taken over the Buffalo Cereal Co., with its many brands of cereal foods and animal feeds, and within the present year has taken over the Mapl-Flake Co., of Battle Creek, Mich.

In connection with its line of country elevators the Armour Grain Co. merchandises fertilizer, feed, coal, fence posts, wire fencing, builders' hardware, binding twine, lumber, millwork, cement, lime and plaster, brick, sand, gravel, and roofing.

Fertilizers.—The fertilizer industry lies at the base of American food production. The packers, controlling the disposal of more than two-thirds of the offal produced in the packing industry, have become the most important factors in the manufacture of animal fertilizer ingredients and have strongly entered the field of production of mineral ingredients. In mixed fertilizers they produce 19 per cent of the total.

Hides, leather, and wool.—In addition to the far-reaching ownership and control in the various branches of the food industry outlined above, the Big Five also occupy an important position with reference to the clothing of our civil and military population through potential control of the hide and leather markets of the United States and of a considerable proportion of the total wool production.

There is no question of their dominant position with reference to hides and leather. The Big Five not only handle more than three-fourths of the hides and skins produced by interstate slaughterers, but directly, through their subsidiaries or through leases and contracts, tan a large part of the leather produced in the United States. The big packers occupy an even more important and profitable position in the hide and leather industry than these statements indicate, because of the fact that their hides receive a higher grading than those of independent packers and butchers, whose hides are arbitrarily classed as "country hides," and that they control a large share of hide imports.

Finally, the packers' storage facilities and strong financial position make it possible for them to manipulate the markets and dispose

of their product without regard to supply and demand. It is admitted in correspondence of the big packers that during the past year, when leather was in enormous demand, certain of the Big Five hoarded hides in such immense quantities for the purpose of inflating the already unreasonable prices that (to quote their own correspondence): "We are forced to pack them in our cellars and outside in the open, but have reached the point now where we have no place to go with any more."

INSTRUMENTS OF CONTROL AND MONOPOLY.

The actual and potential powers of these corporate groups and individuals are far greater and much more menacing to the welfare and true prosperity of the Nation than this enumeration of industrial possessions would indicate. This greater menace lies in the fact that the Big Five have intrenched themselves in what may be called the strategic positions of control of food distribution. These strategic positions, which serve not only to protect the controls which the big packers have already acquired, but to insure their easy conquest of new fields, are:

Stockyards, with their collateral institutions, such as terminal roads, cattle-loan banks, and market papers.

Private refrigerator-car lines for the transportation of all kinds of perishable foods.

Cold-storage plants for the preservation of perishable foods.

Branch-house system of wholesale distribution.

Banks and real estate.

The Big Five do not control banks in the same sense that they do stockyards and car lines, but they possess overwhelming advantages over competitors.

Stockyards.—The stockyards are the depot markets through which practically all animals which move in interstate commerce pass. Ownership, partial or complete, of these markets is not only a source of great profit, but affords a fundamental business advantage.

How completely the Big Five control these markets will appear from the following list:

Location of yards.	Percentage of stock controlled by Big Five.	Number of big packers interested.
Brighton, Mass	95.0	1
Chicago, Ill	(1)	(?) (1)
Connellsville, Pa	100.0	4
Dallas, Tex	100.0	1
Denver, Colo	100.0	1
East St. Louis, Ill	88.5	2
St. Louis, Mo	(2)	....
El Paso, Tex	79.0	1
Fort Worth, Tex	69.3	2
Jacksonville, Fla	99.2	1
Jersey City, N. J.:		
Jersey City Stock Yards	(3) 91.4	2
Central Union Stock Yards	99.2	1
Kansas City, Kans	67.3	5
Laramie, Wyo	90.0	1
Louisville, Ky	25.7	2
Milwaukee, Wis	97.5	1
Nebraska City, Nebr	100.0	1
Newark, N. J	99.0	1
New Orleans, La	86.1	1
New York, N. Y	97.4	1
Oklahoma City, Okla	84.7	2
Omaha, Nebr	(3) 60.2	2
Pittsburgh, Pa	97.0	1
Portland, Oreg	92.1	2
Sioux City, Iowa	75.1	3
St. Paul, Minn	63.5	2
St. Joseph, Mo	84.2	2
South San Francisco, Cal	91.0	5
West Philadelphia, Pa	(3) 22.9	1
Wichita, Kans	59.6	1
Yankton, S. Dak	(4)	....

[1] The Commission has definitely located Armour's interest in the Chicago Stock Yards Co. as 19.4 per cent. There is also evidence that Swift and probably Morris were parties to the negotiations by which Armour acquired his interests, but it has not yet been possible to locate Swift and Morris stock, because of the system by which the stockholders' names are concealed through the issuance of "bearer warrants" for the stock.

[2] 96 per cent owned by East St. Louis yards.

[3] Including Allerton family interests.

[4] 82 per cent owned by Sioux City yards.

The cattle-loan bank is the institution through which loans are effected for the purchase of cattle for breeding and fattening. How jealously this monopoly of making loans at the yards is guarded appears from the example at East St. Louis, where the packers would not permit the establishment of a rival bank within half a mile.

Direct control by ownership of market papers and other trade periodicals was definitely established by the Commission in the case of six papers, and there are a number of others controlled by various indirect but effective methods. Control of market papers is important, both for their actual and potential influence over shipments and prices by the character of statements published and put on the wires, as well as for protection against criticism. How important this may be is shown by a letter written by the editor of a Texas paper to Henry Veeder, referring to the marked change in the policy of his papers, as he expressed it, "before and after taking" two loans of $5,000 each from Armour and Swift. This and

other correspondence from the packers' files indicates that direct ownership is not necessary for control of these publications.

One of the trade journals frequently quoted as a source of authoritative information regarding the meat industry is the National Provisioner. An editor of this journal for years received a joint annual subsidy of $5,000 from Armour, Swift, and Morris.

The big packers' control at these markets is much greater than these statistics indicate. In the first place they are the largest and in some cases practically the only buyers at these various markets, and as such hold a whip hand over the commission men who act as the intermediaries in the sale of live stock.

The packers' power is increased by the fact that they control all the facilities through which live stock is sold to themselves. Control of stockyards comprehends control of live-stock exchange buildings where commission men have their offices; control of assignment of pens to commission firms; control of banks and cattle-loan companies; control of terminal and switching facilities; control of yardage services and charges; control of weighing facilities; control of the disposition of dead animals and other profitable yard monopolies; and in most cases control of all packing-house and other business sites. Packer-owned stockyards give these interests access to records containing confidential shipping information which is used to the disadvantage of shippers who have attempted to forward their live stock to a second market.

Private car lines and transportation privileges.—The Big Five own 93 per cent of the total of all kinds of cars owned by interstate slaughterers, including refrigerator, stock, tank, box, flat, and gondola cars. The most important of these from the standpoint of monopolization are the refrigerator cars.

The Big Five own 91 per cent of all refrigerator cars properly equipped for the shipment of fresh meat that are operated upon the railroads of the United States. The railroads have almost no equipment suitable for shipping dressed meat, and, consequently, unless an independent packing company is large enough to afford to make a heavy outlay for refrigerator cars, it is practically impossible for it to attempt to ship fresh meat out of the locality in which it is produced. The smaller independents, therefore, confine themselves either to pork packing or to cattle slaughter for local consumption.

Icing stations advantageously located on the lines of the trunk railroads between St. Louis, Chicago, and the Atlantic seaboard are owned and operated by three of the five packers. At these stations the packer cars are iced as well as all cars carrying perishable products, including the shipments of competitors. Besides serving as a particular advantage to the owners in that their own ice service

is secured at cost, these stations put them in a position to secure valuable information concerning the shipments and customers of competitors.

From a competitive standpoint, however, a great advantage which the big packers have enjoyed has been the preferential treatment accorded their cars. The big packers' cars have been carefully handled, promptly returned, and used only for the shipment of the packers' own commodities. The small packers, on the other hand, have been subject to extreme delays in securing the return of their cars. Six months for a trip from St. Louis to New York and return was not at all uncommon, and there are a number of cases where nine months elapsed before the car came back to its owner. The railroads have also been accustomed to take liberties with the independents' cars, as, for example, permitting their beef cars to be used for the shipment of onions.

The freight tonnage controlled by the big packers has for years given them a great leverage in all their dealings with the railroads. Until the Interstate Commerce Commission interfered this power was used to obtain money rebates, and in recent years to secure special privileges and concessions. The big packers sometimes acted in combination, throwing their joint power against the railroad or group of railroads from which special privileges were demanded.

It is interesting to note in this connection that the packers have organized various companies to sell railroad equipment and supplies, such as bumping posts, metal bearings, waste, ice, and coal. These companies have been profitable.

Cold storage.—Profits and actual market control in the handling of perishable foods are alike dependent upon ability to buy during seasons of surplus production and low prices and to store at reasonable costs until there is a relative scarcity. The packers have such storage facilities. They have gone far beyond the requirements of their own output and have established huge plants in which they store outputs bought from other producers.

Branch houses and car routes.—The packers' distribution of their products is effected through a system of branch houses located in the large towns and cities, and a system of refrigerator "peddler car" routes which reach the smaller communities. Swift & Co. reach a larger number of cities and towns by peddler car than all other packers, while Armour & Co. have developed a system of delivering from their branch houses by trucks, reaching by this means over 20,000 towns, and making their total number of towns greater than Swift & Co. The number of such branch houses and car routes controlled by the Big Five is as follows.

	Number of branch houses.	Car routes.	
		Number of routes.	Number of towns reached.
Armour interests	366	197	[1] 21,681
Swift interests	343	484	23,376
Morris interests	154	229	4,019
Wilson & Co., Inc	117	187	1,903
Cudahy Packing Co	113	200	4,198
Total	1,003	1,297	([2])

[1] Including towns reached by Armour's truck sales.
[2] Total would include a great number of duplications.

This system of wholesale distribution through branch houses and peddler cars is the bulwark of monopoly. There is virtually no limit to the possible expansion of their wholesale merchandising short of the complete monopolization of the primary distribution of the Nation's food.

With the development of their branch house and car-route systems it is unnecessary for the packers to go through the slow process of building up manufacturing plants. Their initial move is to contract for the output of factories. After the manufacturers have been under exclusive contract for a few years they become virtually "tied" to the packers, and unable to break away and develop new outlets for production.

Already even the oldest and most strongly established wholesale houses are seeing line after line of their merchandise absorbed by the packers' branch-house system. First, they saw the packers encroach on the handling of butter, eggs, and cheese, then canned goods, then various kinds of "package goods," and now rice, sugar, coffee, and other staples are being increasingly handled by the packers. Last year the Big Five's combined sales totaled $2,127,245,000. At the present rate of expansion, within a few years the big packers would control the wholesale distribution of the Nation's food supply.

Financial and real estate interests.—Lastly, as an element of control, are the big packers' widely distributed interests in banks and real estate, which the Commission has not as yet completely explored.

In the financial field the packers' strength is based not so much on actual ownership as upon the influence which they can exert by reason of their volume of business and commanding industrial position.

They are further entrenched in financial institutions throughout the United States, as is evidenced by the following list, which relates only to the principal cities and packing centers. In each of the banks shown in this list the packers are represented on the board of directors through members of the individual families, or through officers, directors, or confidential employees of the packing companies.

In addition, there are a number of banks not covered by this list, in which close business associates of the packers are directors.

Boston:
- Commercial National Bank (Wilson).
- Broadway National Bank of Chelsea (Swift).
- Harvard Trust Co. (Swift).

New York City:
- William Salomon & Co. (Wilson).
- National City Bank (Armour).
- Chase National Bank (Wilson).
- International Banking Corporation (Armour).
- Irving National Bank (Swift, Armour).
- Guaranty Trust Co. (Wilson).
- Irving Trust Co. (Armour).
- New York County National Bank (Swift).
- Hallgarten & Co. (Wilson).

Chicago:
- Continental Commercial National Bank (Armour, Cudahy).
- Hibernian Banking Association (Armour).
- Fort Dearborn Trust & Savings Bank (Swift).
- Illinois Trust & Savings Bank (Swift).
- First National Bank (Morris, Wilson).
- First Trust & Savings Bank (Wilson).
- People's Trust & Savings Bank (Armour).
- National Bank of the Republic (Swift, Cudahy).
- Continental & Commercial Trust & Savings Bank (Armour).
- Drovers' Trust & Savings Bank (Swift).
- Liberty Trust & Savings Bank (Morris).
- Woodlawn Trust & Savings Bank (Swift).
- Westside Trust & Savings Bank (Morris).
- Mid City Trust & Savings Bank (Morris).
- Union Trust Co. (Armour).
- Stoney Island Trust & Savings Bank (Armour).
- Kenwood Trust & Savings Bank (Swift).
- Depositors' State & Savings Bank (Wilson).
- South Side State Bank (Armour, Swift).
- Central Manufacturing District Bank (Armour).
- Drovers' Trust & Savings Bank (Swift).
- People's Stockyards Bank (Morris, Armour).
- Stockmen's Trust & Savings Bank (Armour, Wilson).
- Livestock Exchange National Bank (Armour, Swift, Wilson).
- Stockyards Savings Bank (Armour, Swift, Morris).

East St. Louis, Ill.:
- National Stockyards National Bank (Morris, Swift, Wilson).

South St. Paul, Minn.:
- Stockyards Mortgage & Trust Co. (Swift).
- Stockyards National Bank (Swift, Armour).

Sioux City, Iowa:
- Livestock National Bank (Swift).

Omaha, Nebr.:
- Livestock National Bank (Swift, Morris).
- Stockyards National Bank (Armour, Cudahy).
- Omaha National Bank (Cudahy).

St. Joseph, Mo.:
- St. Joseph Stockyards Bank (Swift, Morris).
- American National Bank (Swift).
- Drovers & Merchants' Bank (Swift).
- First National Bank (Swift).
- First Trust Co. (Swift).

Kansas City, Mo.:
- Drovers' National Bank (Morris, Swift).
- Interstate National Bank (Armour).
- New England National Bank (Armour).

Wichita, Kans.:
- Guarantee Title & Trust Co. (Cudahy).
- Kansas National Bank (Cudahy).
- Union Stockyards National Bank (Cudahy).

Oklahoma City, Okla.:
- Oklahoma Stockyards National Bank (Morris, Wilson).

Fort Worth, Tex.:
- Stockyards National Bank (Swift, Armour).

Denver, Colo.:
- Denver Stockyards Bank (Swift, Armour, Morris).

Portland, Oreg.:
- Livestock State Bank (Swift, Armour).

San Francisco, Cal.:
- Anglo-California Trust Co. (Swift).
- Bank of South San Francisco (Swift).

The real-estate interests of the big packers apart from the land acquired and held for industrial purposes are very diverse and widely scattered. They range from immense terminal properties in great distributing centers to huge ranches in the West and in South America. Not as a list of holdings, but as examples of the kinds of properties which the big packers are interested in acquiring, the following investments may be cited:

Central manufacturing district, Chicago, Ill.—Owned by Chicago stockyards interests. Consists of 375 acres of factory sites situated "in the exact geographical and population center of Chicago."

North Kansas City real estate enterprises.—Jointly owned by Armour, Swift, and the Chicago, Burlington & Quincy Railroad, including the following companies:

North Kansas City Development Co., North Kansas City Land & Improvement Association, Union Depot Bridge & Terminal Railroad Co., Parkside Land Co., Kansas City Ferry Co., and Guinotte Land Co. The combined book assets of these companies in January, 1918, amounted to $9,840,000, including 3,500 acres of land on the north side of the Missouri River and a strip known as the "River front property" on the south side.

Sutter Basin.—The Sutter Basin consist of 120,000 acres of river bottom lands lying at the confluence of the Sacramento and Feather Rivers, which is now being reclaimed by a system of dikes. The

Sutter Basin Co., 88 per cent owned by Armour interests, has acquired about 60,000 acres of this land and is now engaged in preparing it for cultivation. The company estimates that this land is worth from $500 to $1,000 per acre, making the total value somewhere between $30,000,000 and $60,000,000.

Among other real estate interests of the packers are the following:

Joint interests:

- Kenwood Land Co. (Portland, Oreg.).
- Peninsular Industrial Co. (Portland, Oreg.).
- North Fort Worth Town Site Co. (North Fort Worth, Tex.).
- South Oklahoma Town Site Co. (Oklahoma City, Okla.).
- South San Francisco Land & Improvement Co. (South San Francisco, Cal.).

Separate control of 50 per cent or more of stock:

- Chowchilla ranch (42,000 acres) (Merced County, Cal.).
- Eastern Oregon Live Stock Co. (140,000 acres) (Harney County, Oreg.).
- Hawkeye Land Co. (Sioux City, Iowa).
- Franklin Land & Investment Co. (London, England).

EVIDENCE OF COMBINATION.

We now examine the character and extent of the relations which exist between these five big packers, with a view to discovering not only whether these relations are contrary to law, but what their effect is upon food production and the general prosperity of the country. The evidence of present-day activities is illuminated by a brief history of these companies and their relationships.

In the first place, these five corporations began as individual enterprises with small capital and, with the exception of Wilson & Co., Inc., have been, for two or more generations, under the management of the same families which established them.

Two of these concerns—Armour and Morris—are and always have been close corporations, with stocks almost entirely in the hands of the families. The Cudahy Packing Co. was a close corporation until recently. Its stock is now listed for sale to the public, but it is still dominated by the Cudahy family. The fourth, Swift & Co., although having a large number of stockholders, is now and has always been completely under the control of the Swift family. The 20,000 stockholders, widely advertised by Swift & Co., have never had even an approximately complete list of its subsidiaries and affiliated companies. Sulzberger & Sons Co., the predecessor of Wilson & Co., Inc., was also a close corporation, family-controlled. To-day, as Wilson & Co., it has a large number of stockholders, but the absolute control of the corporation is vested in a voting trust, consisting of Thomas E. Wilson and four New York bankers—Charles H. Sabin, Harry Bronner, A. Barton Hepburn, and Elisha Walker.

other expenses connected with these meetings were apportioned among the packers in proportion to their shipments of dressed beef. At these meetings the territory was divided and the volume of business to be done by each packer was apportioned upon the basis of statistics compiled by Veeder, penalties being levied when any one of them exceeded his allotment in any territory. This was the first of the so-called "Veeder pools," conducted, it should be noted, by the same Henry Veeder whom we find acting now as the joint agent of the "Big Five" in various transactions.

From May, 1896, to January, 1897, no regular meetings were apparently held by the packers; but during the year 1897 Henry Veeder conducted what was known as a statistical bureau, which performed a part of the functions of the original Veeder pool.

In January, 1898, however, a new pool was established under the management of Veeder, differing from the original pool only in that Schwarzschild & Sulzberger took the place of the East St. Louis Dressed Beef & Provision Co., which had been absorbed by Morris & Co.; the penalties for overshipment were increased, and auditors were employed to verify the statements of the packers. This pool terminated early in 1902, probably as a result of the investigation then being made by the Department of Justice.

In May, 1902, the Department of Justice filed sweeping charges of conspiracy and restraint of trade against the big packers and asked for an injunction. The charges were not specifically controverted, and after some delay and slight modifications a permanent injunction was issued by the Supreme Court of the United States on May 26, 1903.[1]

This injunction apparently terminated the pool, which exposure had made hazardous. But how little the big packers respected the courts of the Nation and feared its law is revealed by the fact, which has since come to light, that almost coincident with the application

[1] The principal restraints imposed specifically by the injunction were "from entering into, taking part in, or performing any contract, combination, or conspiracy, the purpose or effect of which will be, as to trade and commerce in fresh meats between the several States and Territories and the District of Columbia, a restraint of trade, in violation of the provisions of the act of Congress approved July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," either—

By directing or requiring their respective agents to refrain from bidding against each other in the purchase of live stock;

Or collusively and by agreement to refrain from bidding against each other at the sales of live stock;

Or by combination, conspiracy, or contract raising or lowering prices;

Or fixing uniform prices at which the said meats will be sold, either directly or through their respective agents;

Or by curtailing the quantity of such meats shipped to such markets and agents;

Or by establishing and maintaining rules for the giving of credit to dealers in such meats as charged in the bill, the effect of which rules will be to restrict competition;

Or by imposing uniform charges for cartage and delivery of such meats to dealers and consumers, as charged in the bill, the effect of which will be to restrict competition.

for an injunction the three largest—Armour, Swift, and Morris—secretly set to work to buy up many of their actual and potential competitors, with the object of forming a gigantic merger, monopolizing almost completely the entire meat industry. Cudahy and Schwarzschild & Sulzberger became in a minor degree parties to the merger plan, which progressed so far that more than a dozen corporations, valued at about $10,000,000, had been purchased, a million-dollar bond to insure good faith had been deposited by Armour, Swift, and Morris, and arrangements had been made through Kuhn, Loeb & Co. for a loan of $60,000,000 to finance the merger. All was going well until the head of Kuhn, Loeb & Co., foreseeing the approach of the "panic of 1903" refused to put through the financial arrangements and advised against the merger at the time.

The big packers thereupon decided to merge the properties which they had secretly acquired, and thus it was that the National Packing Co. came to be formed. Cudahy and Sulzberger were invited to purchase stock in the company,[1] but declined to assume these additional obligations, probably for financial reasons. The entire stock of the National Packing Co. was therefore held by Armour, Swift, and Morris in proportion to the capital assets of the respective companies; that is to say, Armour & Co., 40.11; Swift & Co., 46.70; Morris & Co., 13.19; and properties acquired by the National Packing Co. after its formation in 1903 were jointly paid for by the Armour, Swift, and Morris companies in the same proportion.

The board of directors of the National Packing Co. was made up entirely of representatives of the three big companies. When these directors met each Tuesday afternoon at 2 o'clock (the same day and hour as the old Veeder pool meetings) to decide on policies, prices, and buying and shipping plans they were, in fact, acting for all their joint interests, and no further communication was necessary. This simple and highly effective plan for interchanging information and fixing joint policies persisted undisturbed until, after the failure of the criminal suit against several of the big packers in 1911–12, the threat of a civil suit brought about the dissolution of the National Packing Co. during July and August, 1912. The dissolution consisted in a distribution of the properties of the National Packing Co. among Armour & Co., Swift & Co., and Morris & Co., and left all the strong independents which had been absorbed into the National Packing Co. still in the hands of the packers.

[1] Reports of Special Agent Dickinson, Bureau of Corporations, May 11 and 19, 1904.

THE AMERICAN LIVE-STOCK POOL.

Although Sulzberger and Cudahy were not directly interested in the National Packing Co. and did not attend the weekly directors' meetings, they were, nevertheless, participants in the general conspiracy for controlling the meat industry, which had been formed in 1902, after the Veeder pools came under the ban of the temporary injunction. This general conspiracy consisted of a "live-stock pool," which evidence in our possession proves to be in existence.

Under the Veeder pools control of the meat trade was effected by agreements regulating the shipments of dressed meats into the various competitive districts, with a system of fines for overshipments and bonuses for undershipments. This scheme was so thoroughly exposed during the proceedings which led to the injunction of 1903 that it was abandoned. Besides it was a clumsy plan, which required a large statistical bureau and regular weekly meetings to determine the amount of the shipments for the coming week into each district and fix the margins. A much simpler and equally effective plan was then evolved in the form of a live-stock pool, providing substantially for the division of purchases of the cattle, sheep, and hogs sent to market according to certain fixed percentages, which could be agreed upon for long periods and needed to be changed only when conditions were greatly altered, as, for example, when one of the big packers purchased an independent plant.

This division of live-stock purchases is not only an automatic regulator of the relative volume of business of each of the Big Five, but also secures substantial uniformity of prices paid for live stock and, consequently, of the prices at which dressed meats are sold. In brief, the prearranged division of live-stock purchases forms the essential basis of a system by which the big packers are relieved of all fear of each other's competition and, acting together, are able to determine not only what the live-stock producers shall receive for their cattle and hogs, but what the consumer shall pay for his meat.

In order that the working of this system shall be clearly understood, it is well to start with the simplest situation—that of a stockyard in which only two of the big packers are represented and where the division is commonly "fifty-fifty." In such a market the independent packers, local butchers, and speculators will purchase not to exceed 5 per cent of the live stock, far too few to influence the market strongly, much less fix the price. The other 95 per cent of the live stock, it is agreed, is to be divided evenly between the two big packers. This is the situation at Fort Worth and Denver.

Even if there should be no further collusion or communication between the two big packers, it must be obvious that there will be no

truly competitive purchases. Each buyer may come into the market with a different idea of what the different grades of cattle are worth, but only a few sales will be made before each will know what the other is offering, and they will come to a common price. In a freely competitive market the common price would tend to reflect the true market value, because the low bidder would be required to meet this price or be left without a supply to keep his packing house running. But in a market where there is an agreed division, the natural law of the market is turned topsy-turvy, and the common price inevitably becomes that offered by the low bidder. Thus, even without any collusion beyond the agreement to divide purchases, the market price which the producer receives for his live stock is bound in the long run to be *the lowest price which will keep the producers raising cattle, hogs, and sheep and sending them to the stockyard.*

But the Big Five are not content to trust simply the inevitable tendencies of such a market. They must be sure of their control from the minute the market opens until it closes. Their buyers are all instructed in advance from Chicago just what they must buy on the basis of the estimated receipts; the buyers for the big packers are held back until one, two, or even three hours after the market opens, and then all go out into the yards together. By telephone and telegraph the buyers keep in constant touch with Chicago throughout the day, so that if the receipts run heavier or lighter than had been estimated, or if any other contingency arises, proper adjustments can be made, which will be in line with other markets and with the activities of other packers.

Throughout the entire market day each big packer knows exactly what the others are doing in all the markets, and at the end of the day, the end of the week, the end of the month, and the end of the year, the purchases of all are checked up, so that if any of the five has bought more or less than his share, or has bought "out of line," the others may administer the proper measure of correction. If, for example, a packer buys less than his share over any considerable period, he is liable to have his percentage reduced, while if, on the other hand, any packer tries to "hog the market," he is liable to have the others retaliate by "putting the market up on him."

Furthermore, the big packers are not ordinarily content simply with a general approximation to the agreed division, but insist on dividing even the small bunches of animals. Here, for example, is a letter written by Louis F. Swift to Alden B. Swift, at a time when he was apprehensive that the cattlemen might become dissatisfied with the conditions at St. Joseph, where the Swifts control the local stockyards:

SEPT. 12, 1914.

MR. ALDEN B. SWIFT,
Swift & Co., South St. Joseph, Mo.

DEAR SIR: Will be glad to have you advise me if you think our cattle buyer at St. Joseph is all right and is doing as well as Mr. Stemm did.

Also if you notice any difference in Morris' cattle buying.

Awaiting your reply.

Yours respectfully,

LOUIS F. SWIFT.

P. S.—*Has our new plan of not insisting on dividing all the small bunches of cattle given any snap to the market?* [Italics by Commission.]

L. F. S.

The agreement among the Big Five for the division of live-stock purchases provides not only for the division at each market on which two or more of the Big Five are represented, but also for the division of all the live stock which they purchase for the country as a whole. Thus, so far as the big packers are concerned, each knows in advance that his packing house is assured of relatively the same volume of business as the others and that he will be able to buy his live stock at the lowest price that will keep the producers in the business and induce them to ship their animals to market.

This alone would be sufficient to insure that the dressed-meat prices of all the big packers would be approximately the same. But here again the packers are not content simply with long-run results. Not only is there constant interchange of information regarding "margins" and "test costs" at headquarters in Chicago, but in the different selling districts, the district managers inspect one another's stocks and exchange information regarding margins, even if they do not in all districts have such regular meetings as our agents have discovered them participating in at Los Angeles and Tacoma.

There is apparently no "dressed-meat pool" at the present time such as existed in the nineties, for the reason that it would be as useless as a fifth wheel on a wagon. All that the old Veeder pools accomplished, and more, is secured by the live-stock pool and by constant interchange of information at Chicago and at the points of distribution.

PROOF OF THE CONSPIRACY.

So far we have been merely describing the character and methods of the conspiracy among the Big Five. We now offer some of the illuminating proofs, leaving the examination of the voluminous details regarding the workings of the conspiracy for the full report.

The first evidence which came into our possession indicating the existence of a live-stock pool was in the form of a tattered memorandum discovered by one of the Commission's agents in the files of Edward F. Swift. This memorandum, which bore signs of fre-

quent consultation, contained only certain percentages, totaling 100, opposite which was scribbled "% live buyers." This document might not have attracted so much attention if in the same files had not been discovered a set of sheets showing the number and percentages of live stock purchased by each of the Big Five at the principal markets and in the entire country. The first glance at these sheets revealed such a remarkable uniformity from year to year in the percentages purchased by each of the big packers as to convince any disinterested person that such results could be attained only by agreement. Here, for example, are the percentages of cattle purchased by each of the Big Five during the last five years:

Per cent of total cattle purchases.

	Swift.	Armour.	Morris.	Wilson (Sulzberger).	Cudahy.
1913	33.90	27.18	17.80	11.74	9.38
1914	34.01	27.16	17.97	11.56	9.30
1915	34.47	27.57	18.14	10.15	9.67
1916	34.59	27.04	17.86	10.94	9.57
1917	35.07	26.96	17.14	10.85	9.98

The percentages for hogs, sheep, and calves displayed the same uniformity, and, even more significant, the figures for the separate markets also were consistently maintained.

Not long after this discovery another agent of the Commission, in an examination of documents in the possession of Henry Veeder, counsel for Swift & Co., found a number of sheets containing various percentage figures, opposite a number of which appeared letters which were the initials of the different packing companies. But of particular importance was a series of percentage figures, accompanied by the symbols which Veeder had testified in 1912 represented the various participants in the Veeder pools. These had been bracketed and combined in such a way that the percentages for the companies which have now been consolidated with Armour, Swift, and Morris, following the dissolution of the National Packing Co., were brought together into a second series of percentages which correspond exactly with figures on the Swift memorandum. These figures seemed significant when, immediately after their discovery, Henry Veeder refused further access to the papers in his possession.

When these percentages and records of live-stock purchases were found, certain representatives of the packing companies hastened to explain that there was no significance whatever in the uniformity of purchases from year to year, either for the country as a whole or for the separate live-stock markets; that these percentages were determined by the capacities of the several plants; and that if there

was a correspondence between the percentages of purchases and the memoranda which had been found, it was merely an interesting coincidence.

About this time, however, other agents investigating Armour & Co. and Wilson & Co., Inc., brought in several letters which demolished the "capacity theory." First was a letter of October 19, 1916, from Phillip D. Armour to J. Ogden Armour which shows that although Armour's plant at Denver had a much smaller capacity than Swift's, the division of live stock was nevertheless "fifty-fifty."

MY DEAR UNCLE OGDEN: Just a line to tell you that Tom and I arrived here from Fort Worth and had a very pleasant trip.

I can not tell you how surprised I was in going over the plant here. Of all the plants we have, this one certainly needs our first attention. In my opinion, the best part of it is as bad as the worst part of any of our other plants. *Swift's plant, from what I hear and from the little I saw of it, is far ahead of ours both as to the size and condition. Of course, as you know, everything here is done on a 50–50 basis, and with the facilities we have it is almost impossible to keep this ratio.* [Italics by Commission.] * * *

Hope you are well and that everything is going all right. Tom joins me in kindest regards.

Very sincerely yours,

P. D. A.

There are also letters between Arthur Meeker, vice president of Armour & Co., and Thomas E. Wilson, president of Wilson & Co., Inc., which prove that even so strong a company as Wilson is not permitted to buy on any market it pleases, but must conform to the agreement, which was made "on the basis of the map when peace was declared":

CHICAGO, *March 24, 1917.*

Mr. T. E. WILSON,

President Wilson & Co., Union Stock Yards.

DEAR MR. WILSON: Our hog department say that any hogs that your people bought in 1912 or 1915 in Omaha, they bought under cover. They never maintained a salaried buyer there. What few they bought they bought thro a speculator named "Red" Murphy, who used all kinds of schemes in shipping them out to have their destination unknown; shipping them to a junction point, and then they would be reconsigned under fictitious names.

As soon as the matter was taken up with the S. & S. Co. they discontinued it. So I fail to see how you can honestly claim any rights to-day for any underhand work that your firm did in 1912.

Yours very truly,

ARTHUR MEEKER.

MARCH 26, 1917.

Mr. ARTHUR MEEKER,

Armour & Co., U. S. Yards, Chicago, Ill.

DEAR MR. MEEKER: Aswering your note of March 24th, you are misinformed on the matter referred to. Our people did maintain a salaried buyer in Omaha

as I have previously advised you. In fact Mr. Harry Booth who is now our head buyer in Chicago, was himself stationed there for periods of several weeks, and if, as you state, Mr. Red Murphy undertook to cover up the purchases that he made for this company and destination, he did it for reasons of his own, and I think you probably know that all of the hogs that he buys are first weighed to him, sorted and reweighed. This is his practice to-day and no doubt was in former years, when this concern did business with him.

Yours very truly,

——— ———.

In the public hearings, when these letters were read, Mr. Francis J. Heney, special attorney for the Federal Trade Commission, said:

Those letters, Mr. Commissioner, can not mean anything except that the complaint was made that Wilson & Co. did not have any right to buy any hogs in that market. They must get their percentages elsewhere, and they did not have any right, because the map was not fixed that way when the peace was declared and the combination made.

As proof of the existence of these local agreements we quote also the following excerpts from the testimony of Mr. M. R. Murphy, general superintendent of the Cudahy Packing Co., given unwillingly and only after he had been confronted with the letters from E. A. Cudahy, which appear in the record:

Question by Mr. Heney. I want to read you, in connection with that testimony, the copy of letters here taken from the files of the Cudahy Company The first one is dated June 21, 1911:

"Mr. M. R. Murphy,

"*South Omaha, Nebr.*

"Dear Sir: Referring to the attached papers—Mr. McNaughton advised me that he learned from one of Morris & Co.'s men that there was considerable talk about the Kansas City Stockyard that we sold out to the rendering company. Of course we can't stop the rumors, but all we have to do is just to keep quiet and let them do the talking. I think we are justified in quitting business on account of the position that the commission men have taken.

"When I was coming to Chicago on Monday night, Mr. R. C. Howe was on the train, and he called to see me at this office, and from what he said I don't see anything for us to do only to secure our 30% of the hogs at South Omaha, unless we want to take 29% and let Swift run 26%.

"I expect our Omaha and Sioux City market will be out of line for some time if we are going to maintain our position. I don't see anything else for us to do. The Omaha market seems to be the only point in question, and I think we ought to figure on keeping the Sioux City market on an independent basis.

"I will be in Omaha Friday morning.

"Yours truly,

"E. A. Cudahy."

And then down at the bottom are lead-pencil figures[1]

"30
30
25 Swifts
15
———
100%"

Did you receive the original of that letter?

Answer by Mr. MICHAEL R. MURPHY. I evidently did; but I have no recollection of it now.

Mr. HENEY. Well, at that time the percentage that you were aiming to buy per year was 30 per cent, wasn't it?

Mr. MURPHY. Evidently Mr. Cudahy had that in mind.

Mr. HENEY. Well, you say you buy on directions from Chicago. You had it in mind then too, didn't you?

Mr. MURPHY. Well, on his advices; but he never notified me to buy a percentage, or anything like that. He would say, "Take your requirements, or whatever you need."

Mr. HENEY. Well, let's see—let's reread a portion of this (reading):

"When I was coming to Chicago on Monday night, Mr. R. C. Howe was on the train, and he called to see me at this office, and from what he said I don't see anything for us to do only to secure our 30% of the hogs at South Omaha, unless we want to take 29% and let Swift run 26%."

Now, isn't it a fact that it was within your knowledge that at that time Armour & Co. were aiming to get 30 per cent of the receipts at South Omaha, and Cudahy & Co. were to get 30 per cent, and Swift & Co. were to get 25 per cent, and Morris & Co. 15 per cent of the receipts?

Mr. MURPHY. Why, it is evidently so from that letter.

Mr. HENEY. The next letter I will read is dated November 27, 1911, taken from Cudahy's file and is addressed (reading):

"Mr. M. R. MURPHY,

"*South Omaha, Nebr.*

"DEAR SIR: I had a call from your neighbor to-day, and he agrees that we are paying too much money for hogs at Omaha and Sioux City, and that if we could get Omaha right, of course, it would regulate Sioux City, and he believes the best plan would be to let other people have what they want, and then split what is left. I believe in this plan, and I would advise you to work on it for this week, and I would suggest that you either call him on the phone or see him some time to-morrow and talk the matter over. We are killing a lot of hogs, and there isn't anything in them, and it is about time that we should be able to buy them at a margin.

"Yours truly,

"E. A. CUDAHY."

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30
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15
———
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That neighbor was Armour, wasn't it?

Mr. MURPHY. Not to my—my recollection of this letter was it was his neighbor, instead of "your neighbor."

Mr. HENEY. Whom did he mean by that?

Mr. MURPHY. I would not know who he meant unless he meant some of the Armours or Swifts, or possibly this National. The National, I think, were——

Mr. HENEY. (interrupting). Oh, you can readily see that was Armour. Don't you see you would not have divided with Swift after what was left at Sioux City, you would have divided with Armour equally?

Mr. MURPHY. Well, this takes in Omaha also, this letter does.

Mr. HENEY. Yes; well, Armour's percentage in Omaha is the same as yours, 30–30, and Cudahy was claiming the same percentage as Armour at Sioux City on account of being the only other plant. So, of course, that would be Armour?

Mr. MURPHY. My recollection was that he had a call from his neighbor instead of "your neighbor."

Mr. HENEY. Well, who did you go to see?

Mr. MURPHY. I have no recollection of going to see anybody.

Mr. HENEY. You were just as anxious as anybody else to please Mr. Cudahy and get this thing—this Omaha market, in line, weren't you?

Mr. MURPHY. Yes, sir.

Mr. HENEY. And naturally you would act on it?

Mr. MURPHY. As a rule.

Mr. HENEY. But you have forgotten it?

Mr. MURPHY. As far as "neighbor" is concerned, I have no recollection of meeting anyone whom he might have designated as a neighbor.

Mr. HENEY. Well, Armour was the only other one that was largely interested in getting things right at Sioux City, wasn't he?

Mr. MURPHY. At Sioux City, I would naturally think he would be.

Out on the Pacific coast, where there have been less frequent investigations than in the East, the conspiracies to control live-stock and meat prices are conducted much more openly. Not only are there meetings of the representatives of the companies such as our agents uncovered in Los Angeles and Tacoma, but the heads of the packing companies are so little afraid that they fix prices by correspondence. We have a large number of their price-fixing letters, dating from 1915 to the time of our agents' visit in 1917, from which we select the two following, which are interesting because they show the Western Meat Co., jointly owned by the Big Five, trying to fix a price so low that the Cudahy Packing Co.'s representative suggested a higher one:

APR. 15, 1915.

Mr. R. SCOTT,

Mgr., Cudahy Pkg. Co., Los Angeles, Cal.

DEAR SIR: Do not know just when I will be in Los Angeles. but thought I would let you know that it looks to us as though it would be fairly easy to buy cattle on a reasonable basis. I think 6c. will be the opening price, and whether they go lower or not will depend entirely on how many are offered, as the demand for beef is less than last year, regardless of the exposition.

They tell us that Mr. Fuller is shipping some of his cattle to Los Angeles to kill. Our man went down to see these cattle with Mr. Fuller who priced them at 7c. We did not know whether you were figuring on using these cattle or not, but we told him that our ideas were 6c., which of course would not hurt you in making your trade. Do you need these cattle, as if you don't we could probably use some of them very nicely, as they are not too heavy and are fairly close by?

Our market is about the same as when you were up here last, 10¼c.–10½c. for desirable steers weighing 650/700 lbs., and 9¾c.–10¼c. for the heavier weights. I am quoting the Butchertown prices on straight cattle, as we would not consider selling anything under 10¼c. at the present time.

Has anybody bought the Oxnard cattle yet, as I was told they could be purchased for 6¼c. with a 4% shrink?

With best regards to you and Mr. Benjamin, I remain,

Yours very truly,

(Signed) F. L. Washburn.

FLW–O

P. S.—I received a letter the other day from Mr. Cudahy thanking me for taking you all to the plant, which I very much appreciated. F. L. W.

The Cudahy Packing Company, Los Angeles, Cal.,
April Twenty-second, Nineteen Fifteen.

Mr. F. L. Washburn,
Western Meat Company, San Francisco, Cal.

Dear Sir: Your letter of the 15th came duly to hand and would have had my attention sooner were it not on account of my absence in Imperial Valley.

Found the valley looking well with an abundance of feed in sight and not a great many cattle on hand to consume it. The only disturbing element is an invasion of grasshoppers that were in striking evidence in parts of the valley. Whether these will increase and multiply so as to become a serious menace, or will "fold their tents like the Arab gents and silently steal away," we are unable to say, but hope they will not prove of as great injury as they were last year.

We note your views as to the future of the grass cattle market which seems to be in line with the views of most of the Los Angeles packers. I can hardly bring myself to believe, however, that we will be fortunate enough to get good grass American cattle for 6c. per pound, and while we have not yet arranged with Fullers as to the price to be paid for the Chowchilla cattle, I have in mind a figure of 6¼c. The sample shipment we have had is very good and two or three weeks more time on good feed on, which they are on will make them a very desirable herd. The weights are right and they are going to be in good condition. Our idea would be that 6¼c. for the average run of grass cattle would be about a fair market figure, provided there are sufficient supplies to meet the requirements of the summer trade. Woodward-Bennett & Co. and the Pacific coast people seem to think there is going to be a bountiful supply of good steers. I have not yet heard the Hauser people express themselves. We understand, however, they have already paid 6½c. for some grass steers from low freight points.

Answering your inquiry as to the Oxnard cattle, they were sold to the Pacific coast at 6¼c. with a 4% shrink. They were certainly a cheap lot of cattle and should make a nice "pot" of money. The Patterson ranch people must certainly have been in a panic to have sold them at that price with as much cheap feed as there is available at the present time. They could certainly have afforded to carry them into the summer or fall, but perhaps their judg-

ment in disposing of them at the present time may be justified by future prices.

Very truly yours,

THE CUDAHY PACKING CO.,
(Signed) R. S. SCOTT, *Manager.*

We will need the Chowchilla steers. Expect to use most of them before other coast cattle are fully matured. S.

THE "BLACK BOOK" MEMORANDA.

These cumulative proofs of the existence of a combination among the Big Five alone would be sufficient basis for the Commission's conclusions; but they need not rest even upon this foundation, for we have memoranda by one of the members of the combination telling in detail of the negotiations which took place at several of the meetings in which the agreements were made and perfected. These memoranda were written by Germon F. Sulzberger, then president of Sulzberger & Sons Co., as soon as possible after he left the meetings, which was frequently late at night. As the minutes were for his own guidance, they covered particularly the phases of the agreements in which his company was especially interested. When discovered by the Commission's agents in the files of G. F. Sulzberger, the memoranda were contained in a black leather binder, stamped in gold on the cover "G. Sulzberger," for convenience hereafter referred to as the "Black Book."

As a rule, the important parties in these negotiations were designated by code symbols. The translation of the coded proper names of the Black Book is stated by G. F. Sulzberger, and is corroborated by internal evidence to be as follows:

"Sanford"—J. Ogden Armour, or the Armour interest.
"H"—The Swift interest, or one of the Swift brothers.
"Klee"—The Morris interest, represented by Edward Morris until his death, November, 1913, then by Thomas E. Wilson.
"Williams"—Arthur Meeker, vice president of Armour & Co.

In order to understand these memoranda it is necessary to recall that the National Packing Co., jointly owned by Armour, Swift, and Morris, which had been the instrument by which the combination controlled the meat industry after the abandonment of the "Veeder pool" in 1902, had been dissolved in July, 1912, and its properties distributed. This required an adjustment of the percentages, which was effected at some time prior to the 29th of January, 1913. The basis adopted was the actual division of live-stock purchases in 1910, modified by the distribution of the live-stock purchases of the National Packing Co.'s subsidiaries and by certain arbitrary adjustments to meet new conditions which had been created since 1910.

These figures are set forth in a memorandum in the Black Book of a "Meeting held with Sanford (Armour), at his office, January 29th, 1913, 3:15 p. m." This memorandum also contains an interesting paragraph which illuminates the apparent competition which takes place, and shows how easily such matters can be adjusted between "friends," if there is no respect for the Sherman Act or the Federal court's injunction:

> Sanford (Armour) seemed very discouraged with the general situation and prospects. I explained this was due, a good deal, to his own foolish tactics in New York; that the situation there had been completely demoralized by his actions and that this was a very sensitive situation. He admitted that he thought they had made a mistake there, but that the rest of the situation did not make him anxious to change his attitude. I explained to him that he was injuring us more than anyone else there as we had larger proportionate interests. He claimed that this was not so that "H" (Swift) had larger interests but I explained to him that proportionately this was not the case. He said he had no intent to work against us and said that he would arrange now to do the following: Reduce N. Y. 10% this week. 10% next week."

By the spring of 1914 some questions had arisen as to the percentage agreement, which required settlement, so, in connection with another equally important conspiracy, referred to later, these questions were taken up for discussion at several meetings held during April, May, and June, 1914. In order to show the character of these meetings and the method of arriving at an agreement, we will quote from one of the memoranda, that of the "Meeting at Armour's office June 4th, 1914, p. m." The Armour, Swift, Morris, and Sulzberger interests were represented at this meeting, but Cudahy apparently was not there, and it appears from other information that Cudahy, during this period at least, was not recognized as one of the "insiders," but accepted whatever proportion was allotted to him.

> Sanford (Armour) says showed plus 10 last week, but worse this week. (Note: This refers to the margin of profit on dressed beef sales.)
>
> Question of eastern killing of sheep and lambs, whether or not this is to be included, was discussed but not decided. Klee (Morris) claimed export cattle 1910 should be included, Sanford opposed. I stated that this was more than the mere purchasing of stock.
>
> Export figures for 1910, according to Sanford, showed the following:
>
> Armour 2700
> Morris 43000, excluding 17,000 exported from Canada.
> Swift 17000
> S & S 13000
>
> Klee figures, including exports, 18.10. Sanford claimed this figure should be excluding exports 17.59. Sanford shows 11.79, including exports, as against 11.73 excluding exports for Sand. (S. and S.) Klee claimed account beef formerly exported by others having included (sic) therefore cattle exported 1910 should also be included. Sanford claimed this incorrect.

Armour's office appears, from these memoranda, to have been the chief meeting place at which these negotiations were carried on, and

it further appears from numerous references that Arthur Meeker, vice president of Armour & Co., designated as "Williams" in the Black Book, acted as a sort of secretary to the combination, telling each what his share was and how nearly each was living up to the agreement.

These memoranda do not stand alone, but are checked and corroborated by numerous documents taken from the files of the packers and from other sources. Together they form conclusive evidence of a criminal business conspiracy.

THE INTERNATIONAL MEAT POOL.

The Black Book memoranda are not limited to a record of the American meat combination, but cover in equal detail the International Meat Pool formed by the Armour, Swift, Morris, and Sulzberger interests in conspiracy with certain British and South American concerns to regulate and divide the shipments of beef, mutton, and other meats from South America to the United States and certain foreign countries, particularly England.

In 1911 an agreement, referred to by Sulzberger as the "old pool," had been made by the seven packing companies operating in South America, providing for the regulation of the total export shipments and for the proportion each was to ship, as determined by meetings held from time to time. This pool broke up in April, 1913, because La Blanca Company, owned jointly by Armour and Morris, demanded a large increase in its percentage. The Argentine press at the time stated that the break was caused by the insistence of the American companies on increasing their exports to the United States as soon as the tariff was removed. The result of the break in the agreement was an almost immediate increase in cattle prices in Argentina.

About April, 1914, the pool was renewed, and it is to the meetings at which the new agreement was perfected that the memoranda in the Black Book refer. The principal meetings, attended by delegates from the American companies, were held in London, but these were supplemented by meetings and discussions among the big American packers in Chicago.

The notes on the meetings as recorded by Germon Sulzberger in the Black Book tell the story of the perfecting of the pool. We quote the notes on the meeting of June 4, 1914, which are unique in that they drop the code and give the proper names of those present:

MEETING HELD AT ARMOUR'S OFFICE JUNE 4, 1914, A. M.

Present: Messrs. White, Wilson, and Edward Swift.

I explained regarding Lamport (Lamport & Holt, big shipping company) space to States, also misunderstanding in regard to mutton.

I stated that our June shipments to States were 227 tons chilled and 120 tons frozen, and from July should be about 180 tons weekly up to October 1, 1914, and from then it would be about 250 to perhaps 350 tons weekly up to July, 1918. They questioned statement of 350 tons weekly and said they thought this was an error, probably coming on only fortnightly boats, which are starting in after October and which are probably all frozen.

La Blanca (owned by Armour and Morris) stated they had 500 tons from July on and probably 555 to 560 tons from October on up to 1918.

(NOTE.—This agreement was apparently to run until 1918.)

La Plata (owned by Swift) contract with Lamport & Holt is they are to receive one-third of total space, this covering both Uruguay and Argentine plants. I stated I thought this a little excessive for Swift.

Mutton: No one thought this item of any particular importance or interest, as they found the business unprofitable, excepting at a certain particular season of the year. While Patagonia is not included, no mutton can be shipped from there now, it not being the season until December.

Beef: They also stated percentages which had been allotted us on beef for England were as follows: Up to Sansinena (Sansinena Frozen Meat Co., Ltd.) contributed equally by everyone: difference up to one-half of La Blanca contributed by Nelson (James Nelson & Sons, Ltd.), in which they thought probably Poels had also contributed.

Sheep and Lambs: *The understanding had been that these were to remain as in the old pool previous to April, 1913.* [Italics by the Commission.] Understanding was that sheep from Uruguay, not to exceed 20,000 weekly up to October of this year. As far as the Argentine sheep were concerned, no one cared for this business, as it was not profitable at the moment.

There is no understanding that Uruguay is entitled to 25% of total Uruguay-Argentine sheep; these figures happened to come out in this way at this moment. After six weeks Argentine may or may not be increased without a corresponding change in Uruguay figures; the understanding being simply that Uruguay mutton shipments are not to exceed 20,000 per week up until October, whereas the 60,000 carcasses per week for Argentine extend only for a six weeks' period.

As regards mutton for the United States, this is entirely unlimited.

Regarding beef to the United States, it was understood that Lamport & Holt would give Sansinena space equal to the River Plate (River Plate Fresh Meat Co., Ltd.) space.

I stated that the United States shipments as arranged figured about as follows, which figures were made note of:

La Plata (La Plata Cold Storage Co.)	32.23
Uruguay La Blanca (La Blanca Co.)	23.02
River Plate (River Plate Fresh Meat Co.)	11.97
Sansinena	
Sansinena Uruguay	
Smithfield & Argentine (Smithfield & Argentine Meat Co., Ltd.)	11.05
Nelson (James Nelson & Sons, Ltd.)	11.97
F. A. C. (Frigorifico Argentino Central)	9.76

(NOTE.—Swift owns the La Plata; Armour and Morris jointly own the La Blanca; and Sulzberger then and Wilson & Co. now own the F. A. C.)

I stated in reference to these figures that there would be some change on account of Sansinena not being included.

I stated we were not satisfied with our figures, which they explained, however, were all that could fairly be asked.

(Signed) G. F. S. (GERMON F. SULZBERGER).

That this combination and conspiracy to limit the supplies of meat to the United States and our allies has continued to the present time, and with pernicious results, is shown by a statement made in 1917 by the president of a committee appointed by the Argentine Chamber of Deputies to investigate the cost of necessities:

They (the combination of packing companies) suppress real competition, maintaining it only in appearance, and they determine by common agreement the prices which are to be paid to producers, reserving to themselves the right to sell at the highest price possible in order to obtain enormous profits which do not remain in the country. Thus it is that these freezing companies have been able to show in their latest balance sheets more than 100 per cent of profits, that is to say that in a single year they have made more than their capital. * * * Here the freezing companies contract with the foreign purchaser, who is to-day, owing to circumstances of the war, a single party, since the Allied Governments have concentrated their purchases in a central office—and having made their agreements at prices which they raise as high as possible, they purchase the live stock from the producers, imposing upon them the law of the strongest.

AGREEMENTS IN OTHER LINES.

These agreements and close relationships among the big packers are by no means confined to the purchase of live stock and the sale of meats. Here, for example, are extracts from a few letters taken from the files of the Neenah Cheese & Cold Storage Co., one of the subsidiaries of Armour & Co., which neglected to "comb" its files before the visit of the commission's agents. These extracts, more or less typical of a hundred or more letters in the commission's possession, reveal how closely the American cheese market is controlled.

This control of the cheese market is of particular interest in view of the enormous hoarding of this food indicated by a letter, dated November 4, 1917, from C. E. Blodgett (who, with Armour, owns the C. E. Blodgett Cheese, Butter & Egg Co.) to I. F. Laing, of the Neenah Co., another Armour concern:

You and I both know that there are enough twins (a form of American cheese) in storage in the United States, if England doesn't come back and buy of us, to last for the next two years to come.

On June 30, 1916, J. W. Brown (manager of the butter, egg, and poultry department of Armour & Co.) wrote to I. F. Laing:

Your Mr. Nesbit at Spring Green raised the market to 14⅝ on cheese. Don't you think this is very bad work? How do you expect we can influence the people at Plymouth (the principal cheese board) to hold the market at 14¼ cents if you raise the figures? Wish you would tell this gentleman that he must not do this, because our interests elsewhere are so great that we can

not afford to raise the market on ourselves, and Plymouth will certainly go up if you bid over the Plymouth prices on other boards. They all seem to be worked up about this.

Relations between the big packers in the cheese market are well shown by the following letters:

MARSHFIELD, WIS., *July 8, 1916.*

Mr. J. W. BROWN,
% Armour & Co., Chicago, Ill.

DEAR MR. BROWN: Referring to your wire of even date in regard to getting the market down at Plymouth. I doubt very much if this can be done. I have had this up with Plymouth and Sheboygan (two big cheese boards) this week and again to-day. Also talked with Mr. Pauly (Pauly & Pauly, Swift buys four-fifths of sales) about it and they complain bitterly about what Blanke is doing down in that section; about going out to the factories and paying premiums for cheese and claiming that the dealers are all sore about it and they can't handle them, altho they have agreed with me to put the market down a quarter of a cent if it's possible; but I tell you one thing, Mr. Brown, I can't handle these people down there any longer unless something can be done to keep Blanke from antagonizing them the way he is, and you are the only man that can handle this. I am doing the very best I can and sending a carload of cheese down there a week to be distributed among the brokers to keep the market in line, and it's costing me a hundred dollars a week to do it, but I can't do it without some help from you.

Yours truly,

C. E. BLODGETT CHEESE, BUTTER & EGG CO.,
(Signed) C. E. BLODGETT.

(This letter had shorthand annotations, which stenographer in office could not decipher.)

JULY 11, 1916.

Mr. I. F. LAING,
% Neenah Cheese & Cold Storage Co.,
125 W. South Water St., Chicago, Ill.

DEAR SIR: Please note Mr. Blodgett's letter attached. If this man Blanke is causing all this trouble, I wish you would put a muzzle on him. We must keep down the markets if possible when we are accumulating these big stocks.

Let me hear from you, please.

Yours very truly,

ARMOUR & COMPANY,
(Signed) J. W. BROWN.

JWB/R

It is certain that by no means all the agreements in effect between the big packers came to the attention of the Commission. Thus, for example, we have evidence of an agreement on lard compound, which was made at the time the Commission's investigation was being vigorously pressed and came to light only by chance:

Letter, Armour & Co. to H. G. Sharpnack (Armour's branch house superintendent at Pittsburgh), dated January 24, 1918:

It's always been our understanding that if our organization had the same price as the other fellow that's all they need. This is certainly a fact on

Substitute since January 14th, and we will be very much surprised if your territory does not triple its business each month. We do not recall having such an opportunity in the history of the firm, and if this practice is maintained it's a pretty safe bet we will get our share.

This was followed on January 28, 1918, by a circular from H. G. Sharpnack to all managers, giving the following instructions:

Please give this compound all attention possible. Everybody's price must be the same as yours. If you find any deviation, make doubly sure that you are right by seeing the bill, noting the date of same, quantity sold and the price, and let me have it.

This so pleased Armour & Co. that on January 30, 1918, L. L. Whelen, of Armour's lard department, wrote Sharpnack:

Very glad to note your cooperation on White Cloud, as per your circular to houses dated the 28th. In this connection, however, it occurs to us that we should not make any noise about competitors' prices being identical, etc. Under present conditions this is not advisable, as you are undoubtedly aware. Also you might destroy this letter on the subject.

Evidence of other agreements might be quoted at length, and they will appear in the report. The quotations already made would seem to answer affirmatively the President's question:

Are there manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest?

We will not elaborate on the fact that these agreements, combinations, and pools are continuing conspiracies. So far as the meat pools are concerned this is proved not only by the present continuance of the agreed-upon divisions of live-stock purchases, but by letters of recent date.

In the case of the agreements and conspiracies regarding cheese and lard substitute, the evidence presented relates entirely to matters which have occurred within the last two years and which there is no reason to believe have been changed by later events.

JOINT FUNDS.

Further evidence of the existence of a conspiracy among the five big packers was found in the vault of Henry Veeder, in the form of documents relating to funds maintained by the big packers and oleomargarine manufacturers, primarily for the purpose of protecting themselves from punishment for the divers practices already described in part.

These joint funds, as will be shown in one of the sections of the report, were used:

To employ lobbyists and pay their unaudited expenses;

To influence legislative bodies;

To elect candidates who would wink at violations of law, and defeat those pledged to fair enforcement;

To control tax officials and thereby evade just taxation;

To secure modifications of governmental rules and regulations by devious and improper methods;

To bias public opinion by the control of editorial policy through advertising, loans, and subsidies, and by the publication and distribution at large expense of false and misleading statements.

Henry Veeder, the manager of the Veeder pools of the nineties, is the assessor, collector, and paymaster of these joint funds, and his office is the clearing house through which the money passes and to which reports are sent. Although single assessments for these funds range as high as $50,000, Veeder claims that he keeps no books showing the disposition of these large sums of money, but the many letters now in our possession show specifically to whom a part of the money was paid and for what purpose.

At least two separate pools of this character are participated in by the big packers: First, "The Packers' Pool," limited in membership to the Big Five; and, second, "The Oleo Pool," the membership of which varies from year to year, but always includes Armour and Swift.

The Oleo Pool is composed of large manufacturers of oleomargarine, butterine, and other similar products, who are pledged to divide whatever assessments may be determined upon for their joint purposes on the basis of their proportionate production of oleomargarine during the preceding year. In 1917, for example, the membership of the Oleo Pool and the percentages used in collecting the joint funds were as follows:

	Per cent.
A. (Armour & Co.)	12.387
F. (Friedman Manufacturing Co.)	6.246
J. (John F. Jelke Co.)	32.172
M. (Morris & Co.)	10.481
W. J. M. (W. J. Moxley, Inc.)	11.563
W. (Wilson & Co., Inc.)	4.265
H. (G. H. Hammond Co.)	3.652
S. (Swift & Co.)	19.234

The general character and purposes of the Oleo Pool are disclosed by the following extract from a letter written by Alfred R. Urion, former general counsel for Armour & Co., to Henry Veeder:

I give you the following information to be disseminated amongst those who are associated with us in Pennsylvania oleomargarine. The source of my report you are familiar with. I give you letter on the subject received Saturday:

"Have been given positive assurance by the big man that there will not be any suits brought in this State during the time named on tinted goods, provided they are not too yellow; that is to say, you must not go to extremes in

color, but that the regular run of tinted goods will be all right. The wholesalers and manufacturers should not go farther in spreading the understanding than to simply notify their trade verbally that no suits will be brought and that there will be no trouble in their handling natural tinted goods."

I have gone back to the party by letter and asked to get a definite statement from the big man, calling off the State agents from taking samples and frightening the trade, and have no doubt will receive a favorable answer thereto.

The genesis of what we have called the Packers' Pool, as well as the basis upon which it is operated, is told in the following letter from Henry Veeder to W. B. Traynor, assistant to Louis F. Swift:

AUGUST 23, 1916.

Mr. W. B. TRAYNOR,
% Swift and Company, Chicago.

DEAR SIR: You asked me the other day for certain percentages which are generally known as the "usual percentages." On July 30. 1913, L F S, A M, and T E W agreed with C and S & S upon the following percentages to cover general legislative and litigation matters:

S	35751	39723	44689
A	29266	32518	36582
M	14983	16648	18729
C	10	11111	
S & S	10		
	100000	100000	100000

Of course, C and S were arbitrary. The A, F, and H figures are the so-called old beef figures, which were based upon the volume of beef business in 1902.

Sincerely yours,

——— ———.

This letter and agreement contain a great deal more meaning than cursory reading would indicate. In the first place, this letter, as well as many other documents to be produced hereafter, shows that Henry Veeder, the agent of the former conspiracies, is still acting as the joint agent for the Big Five and the custodian of their agreements.

Analysis of the letter shows that on July 30, 1913, just one year after the dissolution of the National Packing Co., Arthur Meeker of Armour & Co., Louis F. Swift, and Thomas E. Wilson, then president of Morris & Co. (representing the interests which had jointly created and owned the National Packing Co.), came together and agreed upon certain fixed percentages, to be known in the future as the "usual percentages" for use in the settlement of "general, legislative and litigation matters."

The basis selected for the apportionment is shown by the cryptic words of the last paragraph: "The A F and H figures are the old beef figures of 1902, but the C and S & S figures are arbitrary." No F and H figures are mentioned in the letter, but reference to the testimony of Henry Veeder in 1912 shows that in the pools of the

nineties each company was designated by a code letter—A for Armour, F for Morris, and H for Swift. Thus the "old beef figures" are the percentages used in the Veeder pool.

The packers' joint activities for the prevention of governmental action are illustrated by the vicissitudes of the legislative efforts to secure an investigation of the packing industry. This investigation, it may be remembered, had its origin in resolutions introduced in the House of Representatives in February, 1916. Early in April of that year, a committee of three of the confidential employees of Swift & Co.—A. D. White, John M. Chaplin, and R. C. McManus—were sent to Washington to investigate and report on the status and probable chances of the resolution. On April 10, 1916, they prepared a long joint memorandum, copies of which were sent to the principal officials of each of the five packing companies, stating in substance that the resolution could be blocked only by adroit and vigorous action of the packers and their friends along certain indicated lines, and containing the warning:

> *We believe the situation to be serious and recommend that due consideration be immediately given to it and that everything be done* to head off the present movement and to relieve the tension. *We believe that as it stands to-day, nothing could stop criminal prosecutions* and that the situation is serious where men like Burke[1] who have been in the business all their lives regard trivial and irrelevant circumstances as conclusively proving criminal operations. [Matter in italics was underscored in red in original.]

Following this warning the Big Five proceeded to take the following steps:

First, they raised a joint fund of $15,000 assessed upon the basis of the "usual percentages."

Second, they arranged "to flood Congress" and particularly the Judiciary Committee to which the resolution had been referred, with telegrams from commission men, bankers, and other apparently disinterested people, whom they seemed to think they had under some degree of obligation.

Third, they set at work one of their most expert lobbyists, Colin H. Livingston, who, in addition to his general influence, indicated by his position as vice president of a Washington bank, had for years been employed as secretary to a Senator and had a thorough knowledge of Congressional affairs.

Fourth, they brought support to a bill providing for the collection of certain data, on the theory that it would serve to sidetrack the proposed investigation.

Through these and other maneuvers, they were able to block the movement for an investigation until the President of the United

[1] Edward L. Burke, vice president of the American National Live Stock Association.

States, in February, 1917, directed the Commission to make the investigation.

What big packers did through their agents and tools to prevent and nullify the present investigation is only typical of their activities in connection with other attempts made by the States or by the National Government to regulate or improve the conditions existing in the industry.

METHODS AND RESULTS OF THE COMBINATION.

The purpose of this combination, which for more than a generation has defied the law and escaped adequate punishments, are sufficiently clear from the history of the conspiracy and from the numerous documents already presented, namely:

> *To monopolize and divide among the several interests the distribution of the food supply not only of the United States but of all countries which produce a food surplus, and, as a result of this monopolistic position,*
>
> *To extort excessive profits from the people not only of the United States but of a large part of the world.*

To secure these ends the combination and its constituent members employ practically every tried method of unfair competition known to this Commission and invent certain new and ruthless methods, to crush weaker concerns.

The early strength and rapid growth of the Big Five was stimulated by the extortion of rebates under one disguise or another and special privileges.

Among other well-known methods of unfair competition used by the big packers of which the Commission has evidence may be mentioned the following:

- Bogus independents.
- Local price discriminations.
- Short weighting.
- Acquiring stock in competing companies.
- Shutting competitors out of live-stock markets.

In addition to these recognized methods of unfair competition the Big Five also employ a vicious system of rotation in price cutting. This consists in each of the Big Five, or as many as happen to be represented in a given territory, arranging to cut prices in rotation, a day at a time or a week at a time, so that the burden, distributed among the big packers, will seem light, but will fall with crushing weight on the independent competitor.

These big packers who aim at world monopoly persistently stoop to the commonest of commercial frauds—short weighting. They

short-weight the live-stock producers in the sale of grain and hay at the stockyards; they short-weight the retailers on their shipments of meat; they short-weight the Government; and, to make a complete job of it, they short-weight one another. Here is an amusing example of the last-named practice in the form of an extract from a letter written July 6, 1917, by Armour's Neenah Cheese & Cold Storage Co. to its Mineral Point (Wis.) branch, giving instructions with reference to Cudahy's demand for a weighmaster's certificate on his order:

> Now if you have not an official weighmaster, get some fellow that looks like one and furnish him with blanks if necessary yourself. It is hardly necessary to have him make a test on each lot. You can arrange to have a few cheese sitting around for him to weigh that are not going to show up too much shortage. Whatever you do, however, give them good weights on the car.

How considerably this practice of short weighting may affect the retail price of meats appears from a single example, selected at random from several tests made in the presence of the Commission's agents:

Barrel of pork butts from Armour & Co.

	Weight in pounds.	
	Marked.	Actual.
Gross	287	284
Tare	21	29
Net	266	255

Here were 11 pounds of pork which the retailer is forced to pay for because of the inflexible rule of the big packers that shipments must be accepted at stamped weights under penalty of having credit cut off. The cost of these 11 pounds had to be distributed in some way over the selling price of the remainder and collected from the consumer.

Foremost of packer practices in evil results is the manipulation of the live-stock markets, manifested primarily in violent and unreasonable fluctuations in live-stock prices from day to day. This constitutes the greatest grievance of the live-stock producers against packer control of the markets. How seriously these market fluctuations are regarded by live-stock producers is expressed in the following statement of E. L. Burke, vice president of the American National Live-stock Association:

> The fact is that beef production in the corn belt has become the most hazardous and uncertain legitimate business that a man can engage in. Outside of gambling on the board of trade or the New York Stock Exchange, I know of nothing to compare with it.

Probably the worst thing the feeder has to contend with is these violent fluctuations. The plausible contention is made by the packers that the rapid advances are an offset to the declines, but such is far from the case, as fully three-quarters of the cattle are bought on the days of heavy receipts, reducing the average cost far below the average daily prices.

Our information shows that there are three principal causes for these violent price fluctuations:

First, collusive manipulation by the big packers to drive the prices either up or down, depending upon whether they are overstocked with fresh and cured meats and want to sell in a high market or are understocked and want to buy in a low market. This is illustrated by the following extract from a letter written by E. A. Cudahy to M. R. Murphy, his general superintendent at South Omaha:

There is no use in being very aggressive about our percentage as long as there is a loss in the hogs. * * * I think Swift is long considerable stuff on the market and Armour short, and Swift thinks he has to keep the price of hogs up in order to keep the provision market up. There isn't any particular secret about the business and I don't see that they are doing any better than we are, and the only thing we can do is to wait until they see fit to improve conditions.

Second, violent price fluctuations also occur as the result of disagreements among the Big Five, as, for example, when Mr. E. A. Cudahy, apparently excluded from the inner circle for a while, wrote the following to M. R. Murphy:

Regarding hog buying—going to have pretty hot time unless allow other fellows to wipe us off map. Better see how our buyers stand in yards. May be at little disadvantage account position we have taken on market for long time. *Notice Chicago market about 15 higher to-day—so must be now on here too. Don't know what is matter with packers, but things seem to be getting worse instead of better.*

Third, unnatural price fluctuations are created when the packers controlling a particular live-stock market decide to keep some competitor out by raising prices. This is illustrated by the following letter from Morris & Co.'s files, signed "E. M., Jr.," presumably Edward Morris, jr.:

CHICAGO, 7/23/15.

Mr. E. G. ELDRIDGE,

Oklahoma City, Okla.

DEAR SIR: Notice Armstrong[1] was in your market yesterday and bought 210 hogs. With receipts getting now we can't afford to have Armstrong take any hogs out of our market. If he comes in for any hogs, let us put the market up a bit and make him pay enough so he will stay out. Our receipts are so light, it is hard to operate a place even if no outsiders buy on the market.

Yours, truly,

E. M., JR.

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[1] Armstrong Packing Co., which Armour had secretly bought in 1908, but which was at the time of this letter regarded as an independent, even by members of the combination.

Another indefensible practice, which particularly affects the producers of live stock and has done much to dishearten them, is technically known as "wiring on." When a cattleman, dissatisfied with the prices offered at the stockyards to which he has shipped, decides to try another, a telegram is sent forward over the packer's private wire notifying the buyers at the destination that the cattle are being shipped and giving the price offered at the first market. As a result the cattleman finds that at the second market he is offered the same or a lower price, and stands to lose at least the freight and the shrinkage as punishment for trying to beat the system.

The packers have repeatedly denied that they wired on, although sometimes admitting that they used to; but something like a hundred telegrams of recent date now in the possession of the Commission completely refute the denial.

It is our opinion that the failure of American meat production to keep pace with population is in large measure due to the conditions created and maintained in the markets by the Big Five. Their conspiracies and unfair practices have disheartened producers of live stock by destroying their confidence in the fairness of the marketing system to such an extent that large numbers have abandoned or curtailed their operations. Thousands of the more intelligent producers to-day regard the stockyard markets as gambling places in which the packer owners not only take an exorbitant "percentage" but rig and control the game itself.

They see in the violent fluctuations of the market—and our investigation confirms their suspicions—manipulations by the big packers in order to secure their raw material cheaply. They know by repeated experience that these fluctuations are so large and so unnaturally sudden that many a producer loses heavily because he happened to ship his live stock on Monday instead of on Wednesday. When this happens and a live-stock producer loses thousands of dollars on animals whose production and shipment represent a large investment and long months of hard labor, there follows discouragement and a loss of credit which effectually prevents the speedy reestablishment of the same scale of production. It is such conditions which have led able and energetic cattlemen to testify before the Commission that under present conditions they would not willingly hand on their business of cattle raising to their children.

But the packers have even more directly affected production. Their very system of concentrating the markets and packing houses at a few large centers, where live stock can be disposed of profitably only in bunches, has discouraged farmers and people in small towns from raising animals which otherwise would readily find sale. The present "raise a pig" movement is retarded by the fact that there

are no convenient near-by places to dispose of the pig after he has been raised.

Moreover, the packers have deliberately discouraged production in certain regions where they do not wish to establish packing plants and slaughterhouses. The story of the packers' activities in destroying the raising of sheep and other animals in New England is a chapter by itself.

It is unnecessary to do more than point out the large part which live-stock raising plays in the successful production of other foods. Live stock on farms are not only essential to fertilization but provide a means of utilizing waste and surplus crops which often marks the difference between success and failure. There is room on the farms and ranges of the United States for an immense additional number of animals, but so long as farmers and live-stock men believe that they will have only a "gambler's chance" instead of a "square deal" at the markets there will be great difficulty in securing this production.

What has been said applies specifically to the production and marketing of live stock, but the same methods are being applied by the big packers in other branches of food production, and equally deplorable results are apparent. The producers of milk, butter, cheese, and poultry are finding themselves disheartened by exactly the same conditions and practices, against which the live-stock men have been vainly contending for more than a generation. Little has been heard of these conditions outside the particular regions in which they exist, but they are already causing unrest and dissatisfaction in the regions where these foodstuffs are produced, and sooner or later, unless the conditions are corrected, there will be a situation in connection with each of these as serious as was the live-stock situation which led to this investigation.

With the thought that the road to reasonable food prices lies in the direction of the elimination of monopoly, the curbing of unfair practices, and the assurance of a fair and reasonably stable market, the Commission here gives relatively small space to the question of profits and costs. There is no doubt that the packers' profits, particularly since the beginning of the European war, have been enormous, both in the United States and in foreign countries. Measured by prewar profits, the 1917 profits[1] were 350 per cent greater than in the average of the three years before the European war; measured by the amount of sales, they averaged, in 1917, 4.6 cents on the dollar, which was sufficient to produce for the five companies a total profit of $96,182,000; measured by the net worth of the combined corporations (capital stock plus surplus), they averaged, in 1917, 21.6 per cent; measured by the capital stock outstanding, as an indi-

[1] Exclusive of Armour's foreign profits. Inclusive of only part of Swift's South American profits.

cation of the dividend possibilities, they averaged, in 1917, 39.5 per cent; and measured by the packers' actual investment of new capital, they amount to several times even this last figure.

All these are minimum figures for the reason that the packers' accounts are so constructed that they conceal profits rather than reveal them. There are numerous "secret reserves"; there are endless transfers of material from department to department at fictitious or arbitrary values; and there are all sorts of improper items charged in as expenses, ranging from items properly chargeable to capital to improper payments which have no place in any business. To have untangled these accounts so that a complete presentation of profits and costs could be made would have required accountants and clerks as numerous as the several thousands employed by the packers.

Moreover, the parent corporations and particularly the meat departments are made to bear the costs of the process of monopolization in various remote fields. Sometimes during periods of cut-throat competition, these losses will run on for years, borne entirely out of the current earnings of meat and other lines, but when the fat years succeed the lean, the packers protest against any part of these earnings being carried back to the credit of the departments which bore the losses.

The unreliability of all meat cost-and-profit calculations is increased when they are placed upon a "per head" basis, for a new and difficult question immediately is presented as to what is included in the denominator of the fraction from which the result is obtained. However, since much publicity has been given by Swift & Co. to certain figures purporting to show their net profit on "dressed beef and all by-products" to be $1.29 per head in 1917, some comment is called for. This is best put in the form of a quotation of a letter written by Charles H. Swift to Louis F. Swift and Edward F. Swift under date of June 23, 1916:

[Private.]

CHICAGO, *June 23, 1916.*

Messrs. LOUIS F. SWIFT, EDWARD F. SWIFT:

Referring to Henry Veeder's letter June 13th to L. F. S. regarding Borland resolution in which Mr. Meeker is quoted as saying that Armour made a profit of $1.19 per head on cattle for certain period (ours for the same period $1.28 per head):

Mr. Chaplin understands that Armour's includes their canners, which ours does not; part of their sausage results, and has 10c added per head for good measure for by-products transferred at market prices, which ours does not.

If our and Libby's cattle were thrown together for the period, without including sausage or anything for good measure, it would bring ours up over $2 per head.

Mr. Chaplin didn't think there could be as much difference as this, but checked it pretty close and understands definitely that theirs includes all of the above-mentioned, which ours does not.

CHARLES H. SWIFT.

The statement of the accountants who prepared the Armour cost figure of $1.19 per head shows that it did not include actual profits from fertilizers and various other by-products. The significance of this letter is that it shows that, when we include a part of the by-products and take in transfer values at market prices, Swift's profit immediately jumps to "more than $2 per head," and if we add other by-products properly chargeable and bring back the branch-house profits, the figure keeps on climbing until it is more than 100 per cent larger than the $1.28 for 1916, and the $1.29 for 1917, which Swift & Co. are spending great sums in advertising.

BUSINESS ETHICS OF THE PACKERS.

The packers, in their recent public statements and advertisements, have striven to create the impression that they have grown to their present size solely as a result of superior efficiency, and that whatever improper or illegal practices were discovered in connection with their business were merely incidental. The conclusion, however, that is produced by a study of their history and present activities is that they have attained their dominant position primarily as a result of unfair practices and illegal methods. The fact that they have so generally resorted to unfair methods of meeting competition discredits their claims of superior efficiency. It is difficult to believe that, if the big packers had been able to extend their business rapidly by efficiency alone, they would have resorted to the devious and illegal means of crushing competition which they have employed.

This conclusion is strengthened by a perusal of the packers' letters in which their motives are often frankly stated. The following letters, introduced with merely explanatory comment, were written by the packers or their agents in the course of their everyday business.

Extract from a letter written by Guy C. Shepard, vice president of Cudahy Packing Co., to Mr. R. Murphy, general manager of the company, under date of February 12, 1918:

> I presume that it is true that all of us have not been as considerate as we should have been in view of the great strain and the difficulties under which you and all of the superintendents have been laboring since the first of January. The whole truth of the matter is we have nearly bitten off more than we can chew. *There never was a time in the history of the business when we have had as good a margin on the hogs for as long a stretch continuously and naturally it has made everyone very greedy to kill every hog they possibly could.* I don't suppose any of us have wasted much time figuring out whether we could or could not handle the business when we saw a chance to land a big allotment over at the Food Administration. The main idea that we had in mind was that it was profitable business and the first thing to do was to take the order and then get through with it some way or other.

To understand the following telegram, sent by F. E. Wilhelm, of the Cudahy Packing Co., to the assistant manager of their Omaha plant, it is necessary to know that cheek meat, shank meat, and bull meat are inferior kinds of meat, which, until very recently, were almost valueless.

CHICAGO, ILLINOIS,
February 6, 1918.

W. DEISING, *Omaha:*

Notice you sold some beef cheek meat at 12½c. EAC[1] says not to sell any more but to consider it worth 18¢. Would suggest you hold this stock as we have been discussing recently with the Food Administration about having the specifications for canning meat revised so that cheek meat might be included, and would like to have this extended to shank meat and bull meat.

F. E. WILHELM.

A little earlier Morris & Co.'s sales manager wrote the following letter, relating to the sale of a quantity of "fishy" butter at fresh-butter prices to one of the Army camps:

NEW ORLEANS, LA.,
Nov. 24, 1917.

Mr. C. J. MURPHY,
Morris & Company, Chicago, Ill.

DEAR SIR: We are in receipt of your two letters of the 22nd relative butter we are holding here for Panama.

Regarding the duty having been paid on these shipments will say that we will be unable to do anything on this here towards securing a refund or drawback, as the duty was paid by consignee in Panama, and they of course will have to enter their claim down there and collect from the Panama Government.

We have advised the foreign department fully as to the disposition of this butter giving them all the information you request, and suggest you take up with Mr. Carlsen regarding. With reference to your remark "to work a little closer" on a proposition like this, it would seem to us that the fault is not at this end, as we were handling this for the foreign department, and if it was necessary for you to be in touch with this that they should have kept you posted. We certainly kept them fully advised at all times as to what we were doing with this stock.

Regarding shipping this butter to Alexandria, La., to take care of the butter contract for Camp Beauregard. We wired Mr. Simpson night message 11/13 asking if it would be satisfactory to use this butter to fill contract orders Camp Beauregard, and received reply from Chicago 11/14 advising it would be O. K. to use this butter for this purpose.

Might add for your information that we examined some of this stock before shipping to Alexandria and found all we tested to be very fishy, and we feel that the stock was well sold at price you mention. [Italics by Commission.]

Yours, truly,

MORRIS & COMPANY,
(Signed) W. J. FITZGIBBONS.

WJF-HM

[1] Apparently E. A. Cudahy, president of the Cudahy Packing Co.

Of somewhat similar character is the following letter written by Armour & Co.'s branch house superintendent at Philadelphia to the manager of the dressed beef sales department:

ARMOUR & CO., CHICAGO, ILLINOIS.

917–925 NOBLE ST., PHILADELPHIA, PA.,
February 23, 1918.

MR. V. H. MUNNECKE,
Armour & Co., Chicago, Ill.

DEAR SIR: This has been a very unsatisfactory week, because of the great quantity of bad condition beef we have had to sell. Even our Kisher cars coming into Noble Street were off condition. 90% of our beef unloaded this week was very stale.

Morris and Wilson had just as much trouble as we had. Swift got by with practically no trouble at all. Possibly this trouble may partly be accounted for by the beef being held a long time at the plant, while Swift had cars and was able to keep closer up to date on his shipments.

Wilson froze quite a little beef, some out of their own shipments, and some they bought. They bought beef from us at 132 N. Delaware Ave. that had been wiped up twice before we sold it to them. They bagged it up and shipped it to New York for freezing. They bought beef from Arch Street that was so bad that we bathed it in vinegar and soda before we showed it to them. I think this beef also was shipped to New York for freezing.

I certainly do not know what they are going to do with this beef. *I certainly do not think beef in the condition they are buying ought to be exported or offered to our armies.* [Italics by Commission.]

Yours truly,

T. G. LEE.

TGL—MGC.

WHAT OUGHT TO BE DONE.

In the President's letter of February 7, 1917, we were asked to state as a result of our investigations: "*What measures are necessary to effect fundamental improvements?*"

What the remedy is will appear from a brief analysis of the situation. The rapid rise of the packers to power and immense wealth and their present strangle hold on food supplies were not based necessarily on their ownership of packing houses, but upon their control of the channels of distribution, particularly the stockyards, private car lines, cold-storage plants, and branch houses. Similarly the great profits which they have secured and are now securing are not primarily due to exceptional efficiency in operating packing houses and manufacturing plants, but are secured through their monopolistic control of the distributive machinery. This applies not only to the meat industry, but to the other branches of the food industry which they control, as is evidenced by the fact that particularly in recent years they have made far greater efforts to secure control of the distribution of the product than to secure manufacturing plants in the case of such products as cheese and canned goods.

Several letters in our possession might be cited in support of this statement.

As long as the packers control these distributive utilities, producers will be at the mercy of the big packers, competition will be restrained, and consumers generally will continue to pay the price of monopoly. Control and manipulation of the live-stock markets have been the great factors in the discouragement of live-stock production. Control of the transportation and marketing facilities have been the instruments by which competitors have been crushed.

We see no possibility of effecting the "fundamental improvements" which the President's letter sought, short of the acquisition by the Federal Government of the distributive utilities now controlled by the Big Five, and the establishment by the Federal Government upon equal terms for all the additional storage and distributive facilities necessary to open the channels of commerce in foods and related products and insure their free and unrestricted flow from the producer to the consumer.

We recommend, therefore:

1. That the Government acquire, through the Railroad Administration, all rolling stock used for the transportation of meat animals and that such ownership be declared a Government monopoly.

2. That the Government acquire, through the Railroad Administration, the principal and necessary stockyards of the country, to be treated as freight depots and to be operated under such conditions as will insure open, competitive markets, with uniform scale of charges for all services performed, and the acquisition or establishment of such additional yards from time to time as the future development of live-stock production in the United States may require. This to include customary adjuncts of stockyards.

3. That the Government acquire, through the Railroad Administration, all privately owned refrigerator cars and all necessary equipment for their proper operation and that such ownership be declared a Government monopoly.

4. That the Federal Government acquire such of the branch houses, cold-storage plants, and warehouses as are necessary to provide facilities for the competitive marketing and storage of food products in the principal centers of distribution and consumption. The same to be operated by the Government as public markets and storage places under such conditions as will afford an outlet for all manufacturers and handlers of food products on equal terms. Supplementing the marketing and storage facilities thus acquired, the Federal Government establish through the Railroad Administration, at the terminals of all principal points of distribution and consumption, central wholesale markets and storage plants, with facilities open to all upon payment of just and fair charges.

The stockyards, and their essential adjuncts, such as exchange buildings and terminal railroads, must be acquired and operated by the Government under such conditions that the producer will be assured of a fair market, reasonable charges, open bidding, full and helpful market information, the limitation of violent fluctuations in price, and the elimination of unnatural market influences. Moreover, the measure authorizing the acquisition of the stockyards should provide for the acquirement by right of eminent domain of such sites adjacent to the yards as may be necessary for their proper expansion and for the location of such independent, municipal, or cooperative abattoirs or packing houses as may be established. This will open the way for the independent packers and butchers, big and little, to establish their plants and secure their live stock under such conditions as will enable them to compete actively with the big packers. Furthermore, we believe that the establishment of such open, competitive markets will be followed by a large increase in live-stock production.

The necessity for acquisition by the Government of refrigerator and other private car lines and icing stations is so obvious, particularly since the railroads have been brought under Federal operation, that argument seems unnecessary.

Acquisition of the stockyards and car lines alone will not secure the fundamental improvements which we are seeking. Figuratively speaking, we will have opened only two of the doors by which the big packers have obstructed the channels of food commerce, while the third remains closed. An independent packer may with Government-owned yards and cars find it possible to secure and ship his products upon terms of equality with the big packers, but unless he has an opportunity to dispose of them under fair conditions, his competition will not be effective and the consumer will not be benefitted.

It is for this reason that we consider the provision of proper marketing and storage facilities by the Federal Government through branch houses and establishment of central wholesale markets and storage places to be an essential feature of a system which will provide for the American people adequate supplies of food at reasonable prices during both war and peace.

REPORT OF THE FEDERAL TRADE COMMISSION ON THE MEAT-PACKING INDUSTRY.

PART I—EXTENT AND GROWTH OF POWER OF THE FIVE PACKERS IN MEAT AND OTHER INDUSTRIES.

CHAPTER I. INTRODUCTION.

Section 1.—Reason for the food investigation.

The whole field of manufacture and distribution which intervenes between the growers of food and the consumers of food has long been the subject of public inquiry. It has been continually questioned whether the Nation's system of preparation and distribution of foods is efficient and economical, and whether this commerce has been free or has been subject to combinations and manipulations tending to undue prices.

These inquiries have been particularly insistent with reference to the activities of the few large meat packers who stand between the producers of live stock and the consumers of meat, and who have extended their business not only to all the primary by-products of live stock, and to the secondary products as well, but also to the principal foods that are substitutes for meat.

Public concern as to the supply and price of foods increased when the European war broke out.

On February 7, 1917, the President of the United States, in accordance with authority conferred upon him by the act creating the Federal Trade Commission, directed the Commission to make a food investigation. The President's letter is given in full in Exhibit I, his substantive direction to the Commission being contained in the following paragraph:

> "Pursuant to the authority conferred upon me by the Act creating the Federal Trade Commission, therefore, I direct the Commission, within the scope of its powers, to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs and the products or by-products arising from or in connection with their preparation and manufacture; to ascertain the facts bearing on alleged violations of the antitrust acts, and particularly upon the question whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest."

Following this action by the President, the Congress appropriated funds to be made available July 1, 1917, for the purpose of this investigation, and the Commission on that date began the work.

Section 2.—Scope of the meat investigation.

In order to expedite the work, the food inquiry was divided into several component investigations—such as grain, flour milling, canned foods, meat—the results of which have been or are being separately reported. The most extensive of these investigations has been that devoted to meat, which necessarily concerned itself, not only with the meat industry, the many by-products of live stock, and the services incident to the industry, but also with the many other food industries which the principal meat-packing companies are integrating with their meat business.

In arranging the coöperation which the President directed should be effected between the Federal Trade Commission and the Department of Agriculture, it was agreed that in the meat investigation the department should concern itself primarily with detailed investigation of the production of live stock and its marketing up to the point of the stockyards; that the Commission should primarily cover the slaughter of animals and wholesale distribution of meats, with all the activities of the packing companies; and that the department, again, should investigate retail distribution of meat products.

Outline of the meat-packing industry.—An inquiry into the meat industry to determine whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest entails a comprehensive survey of the industry itself. For without this survey a full understanding of those practices of the industry which are inimical to the public weal is not possible. It becomes necessary, therefore, to approach the problems of monopolization, manipulations, and controls by an analysis of the industry.

Such an analysis separates the meat-packing business into three general activities:

1. Purchase of live stock.
2. Conversion of live stock into salable products.
3. Distribution of these products.

Each of these activities is susceptible of further division, and these divisions in turn must be subdivided before a complete view of the entire industry is obtained. In the process of analysis, the problem which opens before the investigator as a seemingly simple one, becomes complex and difficult.

Purchase of live stock.—A study of the purchase of live stock leads to three general subdivisions: (1) Live stock; (2) the stock car; (3) stockyards.

(1) Live stock handled by the packers includes cattle, sheep, and hogs.

Each of these touches upon the problem of supply and demand in their important relations to (a) production of grain and the price thereof; (b) amount of unappropriated land and the proportion of it available for grazing; (c) increasing population.

(2) The stock car is the especial equipment car in which live stock is shipped from the sources of supply direct to the markets of slaughter. Of stock cars, however, the packers own only a small proportion.

(3) The stockyards are the markets so controlled and manipulated by the packers that they may buy advantageously the live stock from which their salable products are converted.

Conversion.—An analysis of the conversion of live stock into salable products separates this part of the industry into three subdivisions: (1) Organization; (2) finance; (3) operation.

(1) Upon general lines the organization of each of the five large packing corporations is similar. Taken together they form a working unit, born of a common interest and maintained by concerted practices, with all the actual and potential advantages of compact organization over producer of live stock, consumer of finished product, and trade competitor.

(2) The financial usages of each of the five organizations and the industrial integration which they form, command credit which results not only in large advantages in the purchase, conversion, and sale of live stock and its products, but in a progressive absorption and control of those food and other products which come in competition with the products from live stock.

(3) The operation of the industry shows a most highly developed process of conversion of live stock in which there is virtually complete translation of the raw material into finished products. It is this minute utilization of live stock which has opened before the packers the opportunity of absorption of so many and varied lines of industry and has led them afield into industries that produce substitutes for live stock products in order to control or temper the competition from these sources. Accompanying the operation of conversion is the use of cold storage.

Distribution.—An inquiry into the distribution of the products of live stock to the consumer opens to view two instrumentalities through which the processes of purchase, organization, finance and operation are turned to advantage. These are (1) the refrigerator car; (2) the branch house.

(1) The refrigerator car, privately owned and operated, together with the peddler car, which travels and delivers regularly in estab-

lished routes, is the connecting link between the packing plant and the selling market.

(2) The branch house which receives the product of the packing plant, as the final point in the packers' distribution, occupies a commanding position in the industry. Through it the selling market can be dominated not only for the products from live stock, but for many other products, which, being substitutes for meat and in competition with meat, are taken in by the packers.

To summarize, the physical agencies through which the packers operate are:

(1) The stock car.
(2) The stockyards.
(3) The abattoir.
(4) Cold storage.
(5) Refrigerator and peddler cars.
(6) Branch houses.

Plan of the report.—In the present volume and those which are to follow it, the results of this investigation will show wherein the great natural advantages inherent in the possession of the physical agencies under the control of great organizations in command of heavy credit have been supplemented by conspiracy in contravention of the law of the land, and by controls, manipulations, unfair methods of trade, and acts in subversion of the public interest, all denoting the purpose to monopolize and all indicating that progressive degree of monopolization which the Federal Trade Commission has sought to arrest and correct by the recommendations which are recited in the letter of submittal and summary which precedes the present volume of the report.

Section 3.—Physical view of the meat industry.

The meat industry, starting with the stock ranch and the farm and ending with the retail butcher, presents many problems.

The physical factors are an extensive system for the production, transportation, fattening and marketing of live stock, an elaborate industry of animal slaughter and preparation of the meat products, together with exceptional intricacies of by-product manufacture, and finally a vast organism for the distribution of meat and other packing-house products. Into this distributing organism there is being integrated the distribution of poultry and dairy products, fresh produce, canned foods, cereals and staple groceries, fish—in short, most staple food products, especially substitutes for meat.

Live stock is the source of three prime necessaries—meat, animal fat, leather.

The agents of production—the ranchmen and farmers—number hundreds of thousands; the agents of slaughter and wholesale distri-

bution—the packing companies—are very few; and the agents of retail distribution, again, are counted by thousands. The concentrated power of the principal packing companies enables them to throw their influence back over the thousands of producers of live stock and to project it forward upon the thousands of retail butchers. Moreover, the activities of the principal packing companies are world-wide; they have slaughtering plants and works for the freezing of meats in several countries of South America and in Australasia; and distributing systems in the meat-importing countries of Europe.

Section 4.—The meat supply.

Competition of live stock and grain.—Apart from the fundamental matter of the proportion of arable land used for food production, the chief element affecting the supply and price of meat animals is the relative return which the farmer is able to secure from using his land for the production of live stock or from using it for the production of foodstuffs for direct consumption. The breeding and fattening of live stock is a means of converting "roughage," forage crops, grain, etc., into meats, hides, and animal fats. The farmer and ranchman are, therefore, compelled to consider the advantage which they can secure by putting their land, or part of it, to the use of stock production as compared with devoting their whole activities to the raising of grain and forage crops for sale as such. The price that can be realized from these products as compared with live stock, taken in conjunction with the cost of producing the one or the other, in the particular case, will determine which policy the farmer will follow.

There is also the consideration of live stock production as a corollary of grain and forage production. The feeding of live stock affords an outlet for grain and forage crops and an increase or decrease in the feeding of meat animals directly affects the quantity of these crops that can be profitably grown.

Many animals bred on the ranches and ranges of the Southwest and West are raised on grass and are sent to market for slaughter as "grass fed" stock. Often, however, the stock grown by the breeder is first transported to corn-producing districts for feeding and fattening, and at the conclusion of the fattening process is shipped on to the stockyards for final sale and slaughter.

A detailed analysis of the supply of meat animals, with special reference to geographical distribution and to future tendencies, together with maps, will be found in Exhibit II, pp. 393 to 404 of this report.

Decrease of live stock relatively to population.—An acute question in connection with the meat supply of the United States is

whether the increase in the number of animals is keeping pace with the increase of population. In so far as a statistical comparison is practicable, the figures indicate that meat animals have not been increasing for a number of years proportionately with the population.

While the population increased 83.4 per cent between 1880 and 1910, the number of cattle, exclusive of dairy cows, increased only 22.5 per cent; the number of swine increased 16.9 per cent; and the number of sheep decreased 6 per cent. Since 1910 estimates show that while population has increased about 12 per cent the number of beef cattle has increased at a much lower rate, and the number of sheep has actually decreased. Hogs alone have increased at probably as rapid a rate as population. As a result of this lower rate of increase among meat animals, the amount of meat consumed per capita in the United States has been declining, but is still higher than that in other countries, with the exception of Australia and New Zealand.

Future tendencies.—As indicating that the live stock in this country will not again increase at as rapid a rate as the population, it may be said that the amount of unappropriated and unreserved land in the United States, much of which has hitherto been used as free grazing land and has made comparatively cheap production of meat animals possible, is rapidly decreasing, as is indicated by the following figures:

Year.	Unappropriated land.	Year.	Unappropriated land.
	Acres.		*Acres.*
1890	586,000,000	1904	474,000,000
1891	580,000,000	1905	449,000,000
1892	568,000,000	1906	424,000,000
1893	571,000,000	1907	406,000,000
1894	608,000,000	1908	387,000,000
1895	599,000,000	1909	363,000,000
1896	600,000,000	1910	344,000,000
1897	591,000,000	1911	327,000,000
1898	579,000,000	1912	316,000,000
1899	570,000,000	1913	298,000,000
1900	558,000,000	1914	291,000,000
1901	546,000,000	1915	280,000,000
1902	526,000,000	1916	255,000,000
1903	495,000,000	1917	231,000,000

The unappropriated land in the grazing States is capable of further development as grazing land, if placed under adequate control, with development of water, construction of necessary fences, and other improvements. The total carrying capacity of that land, however, is not likely greatly to increase.

In general, much of the other land that still remains unappropriated is very largely of a character unadapted to successful agriculture.

A careful study by the Forest Service[1] of the possibilities for live-stock production in the 11 far western range States indicates that the very highest possibility of increase in these States for the years 1915 to 1924 will not exceed 15 per cent.

Even with this increase the western country can not be expected, under normal conditions, to produce enough meat animals to keep pace with the increasing population.

The tendencies of live-stock production that have become manifest in the United States and are likely to continue may be summarized as follows:

1. Cattle will come more and more into competition with other agricultural products and will be produced on comparatively high-priced land. In this competition cattle will be handicapped by their relatively low productivity of human food per acre.

2. A development of live stock in the South and in the spring-wheat region is likely to occur.

3. A more thorough utilization of available feed stuffs is desirable and probable.

4. A more complete utilization of the carcasses of animals is likely to occur, and a still further development of by-product industries. There will also probably be a lessening of waste in the retail shop and at the consumer's table.

5. In addition to the more efficient utilization of the meat resources of the country, a decrease in the per capita consumption of meat and an increase in the use of vegetables, poultry, fish, etc., is to be expected, unless the prices of these foods are arbitrarily raised above their reasonable differentials from meat.

That the demand for meat is elastic is the common experience of every household. As the price of meat advances less of it is used, its place being taken by bread, cereals, vegetables, cheese, and other foods. Satisfactory statistics on this point have not been compiled in this country, but investigations made by the Swedish labor office[2] have established the fact of a marked tendency of that character in Sweden since the outbreak of the war. A résumé of the results of the Swedish investigation is given in Exhibit III. (See p. 404.)

The great packing corporations are aware of this elasticity in the demand for meat and they are taking steps in the direction of protecting their business and of strengthening their control of the dinner table by acquiring large interests in the industries that produce other foods, especially substitutes for meat.

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[1] U. S. Department of Agriculture, Office of the Secretary, Report No. 110. Meat Situation in the United States, Part II, Live Stock Production in the Eleven Far Western Range States. Washington, 1916, p. 14.

[2] Livsmedelsforbrukningen inom mindre bemedlade hushåll åren 1914 och 1916 av. K. Socialstyrelsen. Stockholm, 1917. 77 pp.

Section 5.—Future of live-stock production in the United States with reference to foreign sources of supply.

In view of conditions of live-stock production in this country tending toward increasing cost of breeding and fattening, it becomes important to consider foreign sources of supply and their possible effect on our producers of stock and consumers of meat.

The fact that certain foreign countries afford cheaper land and cheaper cost of production of cattle, as well as cheaper cost of slaughtering and packing, has not escaped the large packing companies of the United States. Feeling the potential strength of competition in their European markets and even in this country from South America and Australia, the American packers some ten years ago set out to control this competition and to secure the benefits of low costs by inserting themselves on a large scale in the packing industry of those countries.

It appears to be a part of their plan of domination to make themselves the largest factors of production in all the principal meat-exporting countries. Argentina, Brazil, Paraguay, Uruguay, and Australasia are the scene of American packer activities on a large scale. The advantage resulting from a control of imports would give them an undue power over the fortunes of the American producer of live stock and the American independent packer and ultimately over the price the American public will pay for meats and other packing-house products.

Section 6.—The "Big Five"—Brief description of the organization of the companies.

The term "the Big Five" is commonly used in the packing world to mean the five principal companies in that industry, namely, Armour & Co., The Cudahy Packing Co., Morris & Co., Swift & Co., and Wilson & Co., Inc. The term is employed in this report because of its convenience. In using the phrase "Big Five" with reference to the companies taken together and in speaking of them as a group the Commission does not mean by that term to imply an actual combination or unified interest or action among them except as such combination, unified interest, or unified action is specifically indicated by the facts stated in the report.

In order to give a general idea of the organization of the parent companies comprising the Big Five the following facts are stated:[1]

ARMOUR & CO. Incorporated under the laws of Illinois. Capital stock $100,000,000 all held by nine members of the Armour family, J. Ogden Armour holding $71,885,500. Bonds outstanding as of

[1] Since the date of the summary of this report (July 3, 1918) several of these packing companies have increased their issues of stocks or long term obligations, as has appeared from time to time in the financial press.

June 30, 1917, amounted to $50,000,000. On June 15, 1918, this company offered for sale $60,000,000 6 per cent gold debentures, convertible on or after September 1, 1918, into Armour & Co. 7 per cent cumulative preferred stock. These debentures were issued in denominations as small as $100.

Officers: J. Ogden Armour, president; Charles W. Armour, vice president; Arthur Meeker, vice president; Robert J. Dunham, vice president; A. Watson Armour, vice president; George B. Robbins, vice president; F. Edson White, vice president; Laurance H. Armour, vice president; E. A. Valentine, vice president; Frederick W. Croll, treasurer; Geo. M. Willetts, secretary.

Directors: The president, vice presidents and treasurer as above; and in addition Samuel McRoberts and Philip D. Armour.

THE CUDAHY PACKING CO.—Incorporated under the laws of Maine. Capital stock $20,000,000 of which $11,449,500 is common; $2,000,000 is 6 per cent preferred; and $6,550,500 is 7 per cent preferred. Bonds outstanding October 27, 1917, $8,747,300.

The principal stock holders are members of the Cudahy family and trustees holding for members of that family. Though the Cudahy family controls, there are a large number of other stockholders.

Officers: Edward A. Cudahy, senior, president; Edward A. Cudahy, junior, vice president; John E. Wagner, treasurer; A. E. Anderson, secretary.

Directors: Edward A. Cudahy, Joseph M. Cudahy, Edward A. Cudahy, junior, Guy C. Shepard, E. A. Strauss.

The Cudahy Packing Co. is not to be confused with Cudahy Bros. Co., a packing company of Cudahy, Wis., with a capital of $1,600,000, which is owned principally by the families of Patrick and John Cudahy, brothers of Michael Cudahy, who was the founder of the Cudahy Packing Co. The Commission throughout the tables of this report has classified Cudahy Bros. Co. as not included with the Big Five interests.

MORRIS & CO.—Incorporated under the laws of Maine. Capital stock $3,000,000. Bonds outstanding as of June 30, 1917, $10,900,000. The stock of Morris & Co. has never been listed on any exchange and it is all held by members of the Morris family, except qualifying directors' shares. The company has accumulated a very large surplus so that the $3,000,000 stock by no means represents the net worth of the company.

Officers: Nelson Morris, chairman of board; Edward Morris, junior, president; C. M. Macfarlane, vice president and treasurer; L. H. Heymann, vice president; H. A. Timmins, secretary.

Directors: The officers and in addition Ira N. Morris, C. E. Davis, M. W. Borders.

SWIFT & Co.—Incorporated under the laws of Illinois. Capital stock as of June 30, 1917, $100,000,000. Bonds then outstanding, $32,261,000. Members of the Swift family own a large amount of the stock, though there are a great number of other stockholders.

The stockholders at a meeting held May 13, 1918, voted an increase of $50,000,000 in the capital stock, of which $25,000,000 was to be offered to the shareholders at par, at the rate of one new share for every four shares of old stock, and $25,000,000 was distributed as a 25 per cent stock dividend.[1]

Officers: Louis F. Swift, president; Edward F. Swift, vice president; Chas. H. Swift, vice president; Gustavus F. Swift, jr., vice president; Laurence A. Carton, treasurer; Frank S. Heyward, secretary.

Directors: Louis F. Swift, of Swift & Co., Chicago; Lewis L. Clarke, of American Exchange National Bank, New York City; Edward F. Swift, of Swift & Co., Chicago; Morgan B. Brainard, of Aetna Life Insurance Co., New York City; Laurence A. Carton, of Swift & Co., Chicago; Chas. H. Swift, of Swift & Co., Chicago; Gustavus F. Swift, jr., of Swift & Co., Chicago.

WILSON & Co., INC.—Incorporated under the laws of New York, April 6, 1910, as Sulzberger & Sons Co., and the name was changed to the present one in July, 1916. Sulzberger & Sons Co. was successor, by merger, September, 1910, to Schwarzchild & Sulzberger Co. The capital stock of Wilson & Co., Inc., outstanding December 29, 1917, was $20,000,000 common and $10,476,400 7 per cent cumulative preferred. Bonds outstanding June 30, 1917, $15,000,000.

Officers: Thos. E. Wilson, president; James A. Howard, vice president; V. D. Skipworth, vice president; J. A. Hawkinson, vice president; A. E. Peterson, vice president; G. H. Cowan, vice president; Edwin R. Boswell, secretary; vacant, treasurer; William C. Buethe, assistant treasurer.

Directors: Harry Bronner, of Equitable Trust Co., New York City; J. A. Howard, of Wilson & Co., Inc., Chicago; Thos. E. Wilson of Wilson & Co., Inc., Chicago; Lewis B. Franklin, of Guaranty Trust Co., New York City; W. R. Begg, lawyer, 24 Broad Street, New York City; Edwin R. Tinker, jr., of Chase National Bank, New York City; Elisha Walker, of William Salomon & Co., New York City; Hoyt A. Moore, of Cravath & Henderson, New York City.

FAMILY RELATIONSHIP OF SWIFTS AND MORRISES.—By the marriage of Helen Swift, daughter of Gustavus F. Swift, to Edward Morris, now deceased, of Morris & Co., a relationship was established between the two families. Nelson and Edward Morris, the present heads of Morris & Co., are, therefore, nephews of Louis F. Swift and the other

[1] Commercial and Financial Chronicle, May 18, 1918, p. 2127.

Swift brothers, who have been in control of Swift & Co. since the death of their father, Gustavus F. Swift, the founder of the Swift packing enterprise.

Moreover, Thomas E. Wilson, president of Wilson & Co., Inc., was for many years identified with Morris & Co. and after the death of Edward Morris was president of Morris & Co. until he undertook his present position.

This together with the closeness of Wilson & Co., Inc., to the other packers and the various ways in which the Cudahy Packing Co. appears to be a semioutsider more or less under the domination of the others, cause some in the trade to speak not of the Big Five but the "Big Three" or the "Big Two." It is probably true that the Swifts and the Armours—and particularly Louis F. Swift and J. Ogden Armour—have a much broader and more determinative influence among the Big Five than any of the others.

Section 7.—The views of the large and small packers on the meat situation.

At the outset of its investigation the Commission addressed letters to the five large packing companies and to the independents seeking a frank expression of their views, and many of them responded. The views expressed and the facts presented in their answers were in many instances helpful to the Commission in undertaking the work before it.

Although some time has passed since this expression of opinion was given by the packers, and although the war has wrought many changes, the Commission believes that the views stated by the packers, large and small, will have substantial value, if the reader will give due consideration to events of the period that has intervened.

Without attempt at summarization here, reference is made to Exhibit IV, which prints in full the views submitted by Swift & Co., The Cudahy Packing Co., Morris & Co., and Wilson & Co., Inc., who responded for the large packers, and to Exhibit V, which is a digest of views submitted by the independents. Views of local slaughterers not engaged in interstate trade are digested in Exhibt VI.

It is proper to say in connection with the views submitted by the large packers that the files of these packers show that they consulted with one another to the end that their answers should all follow harmonious lines, and that they were not entirely frank in their statements of fact. The Commission also has reason to believe that some of the smaller packers did not feel free to set down all they knew or felt but were in a measure constrained by fear of the Big Five.

CHAPTER II.—EXTENSIVENESS OF OPERATIONS.

Section 1.—Multifariousness of activities.

No industry surpasses that of slaughtering and packing in the number of products, by-products, and services over which its few largest producers hold such effective control. These products and services touch the public at every point, the most of them in a close and vital way.

Arthur Meeker, of Armour & Co., has stated that that company is engaged in 47 distinct lines of business and controls 148 subsidiary companies. The business of Swift & Co. is still more extensive, and it controls an even larger number of subsidiaries. The chief packing companies, in addition to meat foods, produce or deal in such diverse commodities as fresh tomatoes and banjo strings, leather and cottonseed oil, breakfast foods, vin fiz, curled hair, pepsin, and washing powders. Their branch houses are not only stations for the distribution of meat and poultry, but take on the character of wholesale grocery stores, dealers in various kinds of produce, and jobbers to special lines of trade.

The large packers—Swift & Co., Armour & Co., Morris & Co., Wilson & Co., Inc., and The Cudahy Packing Co.—have interests large enough to be a dominating influence in most of the services connected with the production and distribution of animal foods and their by-products, and are reaching out for the control, not only of substitutes for animal food, but of substitutes for other lines into which the integration of their business has led them. Not all the companies are in all lines. Swift & Co. and Armour & Co. are the most extensively interested in varied lines, and The Cudahy Packing Co. the least. All or part of the companies or their individual shareholders are factors in cattle-loan companies making the necessary loans to growers and feeders of live stock; are interested in railways and in private car lines transporting live stock and manufactured animal products; in most of the important stock-yards companies—the public market for the bulk of food animals; and in some live-stock trade papers on which growers and feeders rely for market news. They are interested in banks from which their packing-house competitors borrow money; in companies supplying machinery, ice, salt, materials, boxes, etc., to themselves and their competitors; they are principal dealers on the provision exchanges where future prices in standard cured animal products are determined; they or their subsidiary companies deal in hides, oleo, fertilizer material, and other crude animal by-products, purchase from other packers these crude by-products, and themselves carry the manufacture thereof to a further stage than most of their competitors. They are

important factors in the leather industry, in oleomargarine and lard substitutes, in cottonseed oil, in fertilizer, in soap, in glue, etc. Their vast distributing system, with the advantages arising from the control of private cars, cold storage, and a network of branch houses, has enabled them to extend their activities on a large scale into poultry, eggs, cheese, butter, rice, breakfast foods, canned vegetables, soda-fountain supplies, and other lines. From rendering edible and inedible fats from what would otherwise be wasted in their own factories, they have reached out to secure for rendering the waste fat and bones of local butchers in large sections of the country, and in some instances are interested in companies contracting for the disposal of the garbage of large cities.

Individuals of the Armour family are owners of grain and elevator companies, and J. Ogden Armour and the president of one of the Armour subsidiaries are important stockholders in a company producing from mineral deposits in Utah a substitute for potash as an element of commercial fertilizers.

J. Ogden Armour is also a prominent factor in the American International Corporation, with its shipping and shipbuilding interests, its import and export companies in various lines, its interest in a company organized to develop cattle raising, meat packing, quebracho extract, and allied businesses in Paraguay, its control of a large tea-importing company and a sugar-machinery corporation, and its minority stock in the United Fruit Co. Some of Swift & Co.'s subsidiaries are growing tropical fruits in Hawaii; a subsidiary of Wilson & Co., Inc., has reached into the salmon fisheries of Alaska, and a Morris concern cans shrimp taken in the waters of the Gulf of Mexico. Cattle brought from Central America are slaughtered by or for some of the big packers at Mobile and Jacksonville. In England, France, Italy, Holland, and other European countries large meat-distributing companies have been organized by the packers to sell the meats from their plants in the United States, Argentina, Uruguay, Paraguay, Brazil, and Australasia.

Section 2.—Economic grounds of their extensive business.

Expanding control of animal by-products.—The explanation of the wide range of the packer's activities lies in part in the nature of the primary materials in which he works. The slaughtered animal, which originally was of value almost entirely for its meat, hide, and fat, has become, through a process of experimentation and development of public wants, a source of many raw materials which enter as principal or essential ingredients into innumerable further products and which together represent a not inconsiderable proportion of the value of the live animal. With these materials at hand,

having a knowledge of and a control over their production, being in a position to coordinate their production with subsequent processes, and already possessing an organization which if utilized in their manufacture might somewhat diminish overhead charges, it was but natural that the big packer should enter into the field of elaborating these materials into useful products.

The big packer's control of slaughtering tends to give him a control in these animal by-product industries, since the nonpacker manufacturers of such by-products, to be large, must buy at least a part of his materials from the big packer, and the small packer, as a matter of fact, frequently sells to the big packer many of his materials of this kind.

Two methods of taking a profit from these materials in which the big packer had a near monopoly, were originally open to him. He might sell them to outside manufacturers; or, himself manufacturing them, he might sell their finished products. Generally, he chose the latter course, which has these advantages: Frequently charging these materials into the by-product manufacturing department or subsidiary company at arbitrarily low prices, he often causes profits on slaughtering and meat packing to appear unduly low; and he widely advertises this profit to justify himself. This course, which makes profits on high-priced meats appear small and prices on raw materials low, tends to obscure the packer's control, particularly so since the profits on the materials are spread over a multitude of finished products, widely separated in manufacture and use from the products of the primary industry, and frequently manufactured and sold by companies whose relationship to the big packer is effectually concealed from the public. Moreover, this course secures for the big packer an extra profit on those by-product materials sold to him by the little packer, which he would lose were they to be worked up by an independent manufacturer. Finally, this course tends to enable the big packer to eliminate the small packer or to reduce him to the position of a competitor on sufferance, tolerated only so long as he serves a purpose useful to the big packer, who thereby strengthens his hold on the primary activity of slaughtering and packing.

An example of this is the leather business, which the packer at first entered by having part of his hides tanned on commission and sold for his account under the name of the supposedly independent tanner. Afterward the packer acquired his own packer tanneries. He thus encroached seriously upon a long-established industry. In fertilizer another example is found. The packer here was limited in that the nitrogenous by-products of his animal slaughter do not furnish all the elements necessary to a mixed fertilizer. He therefor acquired deposits of phosphate rock and alunite (a source of potassium) and used the additional nitrogen of the cottonseed meal

thrown off in his oil-refining business. Thus he offset his lack as a slaughterer and was able to compete with all concerns in the production of mixed fertilizers.

INTEGRATION OF SERVICES.—The integration of the several services in the course of the meat industry, from the point where the animal leaves the farm or range till the carcass is put on the block of the retailer, is particularly marked in the case of Swift & Co. and Armour & Co. In industry, generally, the more important advantages that are attributed to integration are as follows: (1) Saving in labor and mechanical energy; (2) better utilization of equipment; (3) economy of materials; (4) saving in transportation; (5) closer adjustment of production to demand; and (6) possible reduction of overhead charges, or if an increase, one that is more than offset by the foregoing gains. In no industry, however, do these advantages accrue to the benefit of the outside public unless the industry is competitively free.

In the meat industry the only satisfying explanation of the far-reaching integration of services connected therewith is (1) that such integration is the packer's chosen instrument in effecting control over his primary activity of meat packing, working to this end in exactly the same way as does his manufacture of materials into by-products but with greater effectiveness, especially in the case of stock-yards, private car lines, and storage and distributing companies; and (2) that such activities have for many years been highly lucrative.

SEEKING CONTROL OF THE SUBSTITUTES FOR MEAT.—The big packer has not been content with the exploitation of his original field of packing, nor with the by-product lines, nor with the integrated control of the allied and subsidiary services of that industry. He has, in addition, reached out into the production or distribution of practically all commodities which enter into competition in an important way with meat products or with other products arising from the animal. In many of these fields, as, for example, the production of mineral fertilizers, butter and lard substitutes, and the production or distribution of cereals, rice, canned fruit, vegetables, and fish, he is rapidly gaining a powerful and, in some cases, dominating influence.

Here, again, there may be some basis for this widening of activity in a reduction of costs arising from a larger utilization of existing organization and equipment. But in the productive field, at least, this gain is narrowly limited by the fact that processes and equipment different for the most part from those of the packing industry must be used in the manufacture of these substitutes.

The better explanation of the big packer's entry into this wider field lies in the fact that control over substitutes for live-stock prod-

ucts enables him to take the maximum of profit out of his packing business.

With branch-house selling developed and used as a means of controlling the local market for meats, it became only a step to extend the sales of the branch from meats to other food products, particularly those of a perishable nature, which also require certain care and facilities for safe transportation and handling. Examples of these are poultry and dairy products and fresh fish, fruit, and vegetables. The ostensible motive of this step lies in the reduction of overhead charges on equipment and organization not already utilized to their capacity, an economy here undoubtedly real. But when a product must largely depend for its holding and distribution upon a system of transportation, storage, and handling which is in character substantially a natural and unregulated monopoly, a more intimate and compelling motive for the step becomes apparent, viz, the desire to control the sale of the product. Finally, there came to be included in the branch-house sales many foods which do not require the peculiar system of branch-house distribution but control over which is hastened by that system when unfairly used in competition. Such foods, increasingly profitable to the packers, if brought under full control, will become enormously so, and in so far as they are substitutes for meat will be a factor contributing to the exaction of higher and higher meat prices. Examples of such foods sold through branch houses are rice and canned and carton goods.

In itself, distribution of these nonpacking-house products does not, in some cases, give effective control. It must be coupled in these cases with production. The packer has, therefore, taken this next step toward the domination of food, and to-day he is canning salmon and certain fruits and vegetables, and even, as in the case of Swift & Co., is growing his pineapples on plantations in Hawaii. Having important advantages in transportation and having a vast selling organization, it is at the packer's option whether he will himself produce or whether by buying contracts he will absorb outputs and take his profits on what others have produced for him.

Foreign companies.—Foreign distributing companies have long furnished the big packers an advantage over their smaller competitors in the profitable disposition abroad of meat products. These distributing companies in more recent years have been fortified by the acquisition and building of slaughtering establishments in the surplus-meat-producing countries of South America and Australasia. (See Chap. IV.) Nor was this a mere support of the American packer's position in European markets. Besides enabling him to bring foreign competitors into a compact of his own making on exports of meats to Europe, it gave him security of continued power over the American meat industry and a marked increase of control of raw supplies

for the domestic tanning industry and other industries into which the packer is forcing his way.

FINANCE.—To initiate and carry on successfully such vast enterprises an uninterrupted flow of new capital for extension and of working capital for operation is obviously necessary. Most of the primary branches of the food business have a relatively quick turnover and require relatively little fixed capital for a moderate-size operation. As operations are extended to many plants, and as the packer enters one field after another of by-product elaboration, his requirements for fixed capital increase and his average turnover tends to become less rapid. Additional construction is necessary, and larger working capital must be provided to carry till sale the greater volume of products moving, on the whole, more slowly.

Exceptionally frequent turnover on heavily increased volume of fresh meats at prices yielding an adequate profit, and handsome profits on by-products and on monopolized services allied to the marketing of stock and the transportation and distribution of commodities, have given the big packer funds acquired in the business itself for the rapid extension of the business, as shown by the long history of capital increase through stock dividends declared from surplus earnings or the accumulation of large funds of undivided profits.

But while self-financed in extensions of fixed capital the packer has drawn to a marked degree also upon the banks of the country for liquid funds. Paying for his live stock a high proportion of his final receipts for its products; carrying great stocks of cured meats and provisions, of hides and leather, slow in turnover and often stored for long periods for a higher market; buying outputs of poultry, eggs, and cheese for sale months later; contracting for packs of canned goods, he could not operate on the scale he does without the very large loans furnished by the banks. To assure himself loans ample to his purpose, the big packer has secured affiliation through stock ownership, representation on directorates, and in other ways with numerous banks and trust companies. Mr. Armour, Mr. Swift, Mr. Morris, and Mr. Wilson are directors in banks affiliated closely with those who are strong at the sources of credit in the United States. Being thus allied with the powerful interests at the sources of credit, the packers' power is great, not only for financing their own national and international operations but for affecting, for good or for ill, the credit of cattle producers and of competitors or customers in any line.

Section 3.—List of commodities manufactured or distributed.

The foregoing account showing various phases of the extent of the activities of the principal packing companies is made more concrete

by the appended list of commodities manufactured or handled by Swift & Co., Armour & Co., Morris & Co., Wilson & Co., Inc., or Cudahy Packing Co. and their subsidiary and affiliated companies. The list is scarcely complete as to the parent companies and is far from complete as to many of the subsidiary and allied companies.

COMMODITIES PRODUCED OR DISTRIBUTED BY SWIFT & CO., ARMOUR & CO., MORRIS & CO., WILSON & CO., INC., OR THE CUDAHY PACKING CO.

Acid phosphate.
Albumen.
Alfalfa meal.
Alundum cloth.
Ammonia.
Anhydrous ammonia.
Animal food.
Animal oils and stearines.
Apple butter.
Apple cider.
Apricots.
Aqua ammonia.
Artificial ice.
Ashton Salt Sax.
Asparagus.
Babbitt (used by railroads in axle boxes).
Backbone.
Bacon.
Baked beans.
Bar iron.
Barrels.
Barreled beef.
Barreled pork.
Bath powder.
Bath salts.
Beans.
Beans, no pork.
Bearings for railroad cars, etc.
Beef and vegetable rations.
Beef bungs.
Beef casings.
Beef cuts.
Beef extracts.
Beef, iron and wine.
Beef loaf.
Beef offal.
Beef sides.
Beefsteak and onions.
Beef sweetbread.
Beef suet.
Beef weasands.
Beets.
Belting.
Benzoinated lard.
Big Rapid beans.
Binding and twine.
Blackberries (cases).
Bladders.
Blood meal.
Blood pudding.
Blood sasuage.
Boiled ham.
Boiled beef.
Boiled kidneys.
Boiled pork loins.
Boiled sausage.
Boiled shoulders.
Bologna sausage.
Bolted meal.
Bone meal.
Bone oil.
Bone products.
Boned chicken.
Boned turkey.
Boneless boiled hams.
Boneless pigs' feet.
Bouillon.
Bouillon cubes.
Blood.
Boxes.
Brains.
Brass castings for recoil mechanism in heavy ordnance.
Bratwurst sausage.
Brawn.
Brewers' flakes.
Brewers' grits.
Brewers' meal.
Brick.
Brisket beef.
Bristle.
Brown grease.
Buckwheat.
Bulk herring.
Builders' hardware.
Builders' materials.
Bulk mackerel.
Bumping posts for railroads.

Butter.
Butterine.
Calf heads and feet.
Calf hides.
Calf livers.
Calf meal.
Calf sweetbreads.
Calf skins.
Calves' hearts.
Canned apricots.
Canned asparagus.
Canned bacon.
Canned corn.
Canned evaporated milk.
Canned fish.
Canned fruits.
Canned hominy.
Canned meats of various kinds.
Canned milk.
Canned mixed meats.
Canned mixed meats and vegetables.
Canned mutton.
Canned okra.
Canned oysters.
Canned peaches.
Canned peas.
Canned pineapples.
Canned preserves, jellies, and jams.
Canned pork.
Canned pork loaf.
Canned pork sausage.
Canned salmon.
Canned sardines.
Canned sauer kraut.
Canned shrimp.
Canned sweet potatoes.
Canned tomatoes.
Canned tuna fish.
Canned vegetables.
Cans and containers.
Car repair parts.
Casings (beef and hogs).
Casks.
Castings and appliances for use in manufacturing refrigerator cars.
Castings for railroad use.
Catgut ligatures.
Catsup.
Cattle tail switches.
Cauls.
Celery bouillon.
Cement, lime, plaster.
Cereals.
Cheese.
Cherries (cases).
Cherry juice (cases).
Chick feed.
Chicken loaf.
Chicken tamales.
Chile con carne.
Chile sauce.
Chitterlings.
Choice dripping.
Chop feed.
Chorizas.
Chrystolon cloth.
Chymogen.
Chymol.
Cinnamon.
City sausage.
Cleanser.
Cleanser powder.
Cleansing compound.
Clipped white oats.
Cloves.
Coal.
Coca-Cola.
Cocoa.
Coconuts.
Coffee.
Coke.
Cold cream.
Cold-pack cherries.
Cold-pack peaches.
Cold-pack raspberries.
Colors.
Combs.
Commercial fertilizers of various brands.
Complexion powder.
Compound lard.
Concentrated tankage.
Condensed milk.
Condiments.
Consommé soup.
Cooked meats.
Cooked pressed beef.
Cooked sausages.
Cooking oil.
Cooperage.
Corn grits.
Corn meal.
Corn and oats, half and half.
Corned beef.
Corned-beef hash.
Corned-beef ster.

Corned pork.
Corned-pork ster.
Corpus luteum.
Cotosuet.
Cottonseed meal.
Cottonseed oil.
Cowhide.
Cream.
Crême de menthe.
Creamery feed.
Cremol.
Cracked corn.
Crude cotton oil.
Crude glycerine.
Crushed cherries.
Crushed currant.
Crushed figs.
Crushed gooseberry.
Crushed nut frappe.
Crushed orange.
Crushed peaches.
Crushed pineapple.
Crushed-pineapple preserves.
Crushed strawberries.
Crushed white oats.
Cuban sausage.
Cured beef.
Cured beef tongues.
Cured herring.
Cured pork.
Curled hair.
Cut soles.
Cutlery steel lengths.
Dairy feed.
Deviled meats.
Digester tankage.
Distilled fats.
Doors and windows.
Dressed beef.
Dressed-beef cuts.
Dressed lamb.
Dressed pigs.
Dressed veal.
Dressed-veal cuts.
Dried apples.
Dried beans.
Dried beef.
Dried blood.
Dried brewer's grains.
Dried fruits.
Dried peaches.
Dried peas.
Dried prunes.
Dried raisins.
Dried sausages.
Dry kelp.
Dry ribs.
Dry salt meats.
Dry salt pork.
Dry sausage.
Ducks.
Eggs.
Egg albumen.
Elixir enzymes.
Elixir of lactated tablets.
Emery cloth.
Emery paper.
Essence of pancreatin.
Essence of pepsin.
Evaporated fruits.
Evaporated milk.
Extract of red bone marrow.
Face creams.
Face powders.
Fancy meat.
Fatty acids and soap grease.
Feed barley.
Feed meal.
Feed wheat (fancy).
Fence posts and wire fences.
Fertilizers.
Findings.
Fish.
Flint paper.
Flour.
Fluid beef extract.
Foot powder.
Fountain cocoa.
Frankfurt style sausage.
Fresh and smoked sausage.
Fresh beef tongues.
Fresh fruits.
Fresh pig's feet.
Fresh pork.
Fresh sausage.
Fresh tripe.
Fresh vegetables.
Frozen beef.
Frozen eggs.
Frozen lamb.
Frozen mutton.
Frozen pork.
Frozen veal.
Fruits.
Fuller's earth.
Gallstones.

: paper.
ie.
a hash.
n salami.
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lated meal.
juice.
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stearine.
wool.
ale.
f many grades.
feed.
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Intermediate scratching grains.
Irish stew.
Italian hams.
Jams.
Japanned leather.
Jellies.
Jowls.
Kafir corn mile.
Kegs.
Kits.
Knife handles.
Kraut.
Labels.
Laboratory products.
Lactated pepsin tablets.
Lamb's tongue.
Lard.
Lard compounds and substitutes.
Lard oil.
Lath.
Laundry chips.
Laundry soaps.
Laying mash.
Leather.
Lecithal.
Lemon extract.
Liquid olive soap.
Liquid shampoo soap.
Liver and bacon.
Liver pudding.
Liver sausage.
Loins.
Lubricating oil.
Lumber.
Lunch tongue.
Lunch tongue, ster.
Luncheon beans.
Luncheon beef.
Luncheon meat.
Luncheon sausage.
Lungs.
Machinery.
Malt sprouts.
Manufacturing bones.
Marshmallow topping.
Meal.
Meat hooks.
Meat scraps.
Mechanical supplies.
Melts.
Mexican sausage.
Milk.
Mincemeat.

Mixed meats.
Mock turtle soup.
Molasses.
Musical strings.
Mustard.
Mustard seed.
Mutton.
Mutton suet.
Neat's-foot oil.
Neutral.
Neutral lard.
Nitrate of soda.
Nutrient, wine of beef peptone.
Offal.
Oil.
Old-process oil mill.
Oleo.
Oleo grease.
Oleo oil.
Oleo stearine.
Oleo tallow.
Oleomargarine.
Olives.
Orange extract.
Orange wood.
Ovol (purified mutton tallow).
Ox lips.
Ox marrow.
Oxtail soup.
Oxtongues.
Oxygen gas.
Oyster-cocktail sauce.
Packing-house machinery.
Pails.
Pancreatin.
Pancreatin and soda.
Pancreatin F. S. P.
Paper-box board.
Paper containers.
Peaches (cases).
Peanut butter.
Peanuts.
Peperoni.
Pepper.
Pepsin.
Pepsin tablets.
Peptonum siccum.
Pharmaceutical products.
Phosphate rock.
Pickled ears.
Pickled hocks, etc.
Pickled meats.
Pickled pig's feet.
Pickled sausage trimmings.
Pickled slats.
Pickled snouts.
Pickled tongue.
Pickled tripe.
Pickles.
Pigeon feed.
Pigskin.
Pig snouts.
Pig tails.
Pitting and fruit handling machinery.
Polish kolbassy.
Pork and beans.
Pork and beans with tomato sauce.
Pork chitterlings.
Potash.
Potted and deviled chicken.
Potted and deviled ham.
Potted beef.
Potted meats.
Potted tongue.
Potted turkey.
Poultry.
Poultry bone.
Poultry mast.
Powdered milk.
Preserves and condiments.
Prime steam lard.
Produce.
Provisions.
Pumpkin.
Putty containers.
Raspberry (black) and pulp (cases).
Raw milk.
Red Dog flour.
Refined cottonseed oil.
Refined glycerin.
Refined greases and oils.
Refined lard of various brands.
Refined oils.
Relishes.
Renin.
Rennet.
Rennet powder.
Renovated butter.
Rice.
Roast-beef hash.
Roast fowl.
Roast mutton.
Roaster fries.
Rolled oats.
Roofing.
Root beer.

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Spanico chili.
Standard middlings.
Standard spring bran.
Steam-cooked feed.
Stearine.
Stewed kidneys.
Stock food.
Stopper coverings.
Structural steel.
Suet.
Sulphuric acid.
Sulze.
Summer sausage.
Suprarenalin.
Surgical ligature.
Sweet pickled meat.
Sweet pickled pork.
Sweet pickled shoulders.
Tablets, tubes.
Talcum powder.
Tallow.
Tallow oil.
Tanks used in refineries.
Tanks used in refrigerator cars.
Tankage.
Tanned calfskin leather.
Tanned hog-skin leather.
Tanned pigskin leather.
Tanned sheepskin leather.
Tanning extract.
Target of scratching grain.
Thyroid powder.
Tile.
Tins.
Toilet articles.
Toilet soaps.
Toilet waters.
Tomatoes.
Tomato ketchup.
Tomato products.
Tooth paste.
Tripe.
Tubs.
Turkeys.
Vanilla extract.
Veal and ham loaf.
Veal loaf.
Vegetables.
Vegetable shortening.
Vegetable soup.
Vegetable stearine.
Vegetole.
Vienna sausage.

Vin fiz.
Vigoral.
Vinegar pickled goods.
Violin strings.
Virginia sausage.
Walnuts.
Washing powder.
Washing soda.
Waste.
Wheat flour.
Whips (flavoring emulsions).
White or yellow grease.
White corn flour.
White cream meal.
White feed wheat (fancy).
White granulated meal.
White hominy (samp.).
White natural oats.
White pearl meal.
White table grits.
Witch hazel and almond cream.
Wool.
Wool, pulled and scoured.
Yellow corn, kiln dried.

Section 4.—Public utilities and services in which the Big Five have interests or control.

The investigation of the meat industry by the Federal Trade Commission discloses many instances in which one or more of the Big Five, jointly or separately, own and control the capital stock, or a majority thereof, in certain public utility and service companies, while in others only a nominal stock holding is shown. As a general rule the Big Five packers, jointly or separately, control the stock yards where any of them operate a packing-house plant, and in many cases, either through the stock yards company or individual holdings of stock for them, they also control the terminal and other railway facilities of such stock yards. The Big Five also are financially interested in railroads, electric railways, and other service corporations.

UTILITY AND SERVICE CORPORATIONS.—Utility and service companies in which the Big Five have stock holdings are hereinbelow listed:

Sioux City, Iowa.—The Missouri River Bridge Co. owns and operates a toll bridge over the Missouri River at Sioux City. This corporation is capitalized at $700,000, and Swift controls 55 per cent, including stock holdings of employees and officials. The Sioux City Service Co. is a $2,000,000 corporation operating a street railway, and supplying power, light and heat to residents of that city. The Armours own or control 32 per cent, and the Swifts 41 per cent of the capital stock, aggregating 73 per cent. This company owns all the capital stock of the Sioux City Traction Co., capitalized at $25,000, and the South Sioux City Traction Co., capitalized at $50,000, each of which operates a street railway. The Sioux City Terminal Railway Co. is owned by the Sioux City Stock Yards Co., which is in turn controlled by three of the Big Five through stock ownership, Armour owning or controlling 14 per cent, Cudahy 5 per cent, and Swift 59 per cent of the capital stock, their combined holdings being 78 per cent of the total.

Kansas City, Mo.—Armour has a heavy investment in the Kansas City Railways Co. C. W. Armour and R. J. Dunham, vice presidents of Armour Co., are on the board of directors.

South St. Paul, Minn.—The South St. Paul Water Co., capitalized at $10,000, is owned by Swift. The St. Paul Bridge & Terminal Co. is owned by the St. Paul Union Stock Yards Co., which is controlled through stock ownership by Armour and Swift, their aggregate holdings being 63 per cent of the total, Armour holding 24 per cent and Swift 39 per cent.

Portland, Oreg.—The Kenton Traction Co., capital stock $20,000, of North Portland, Oreg., is packer controlled.[1] The United Railways Co. and the Oregon Electric Railway, both of Portland, Oreg., have on their respective boards of directors C. H. Carey, who is vice president of the Union Meat Co., which is a packer subsidiary.[2]

South San Francisco, Cal.—The South San Francisco Belt Railway, capitalized at $50,000, and the South San Francisco Water Co., capitalized at $150,000, are both owned by the South San Francisco Land & Improvement Co., which in turn is controlled through joint stock ownership by the Big Five. Their aggregate family holdings being 68 per cent of the capital stock, Armour owning or controlling 5.3 per cent, Cudahy, 0.3 per cent, Morris 24.5 per cent, Swift 36.4 per cent, and Wilson 1.5 per cent.

South St. Joseph, Mo.—The St. Joseph Belt Railway Co. of South St. Joseph, Mo., is owned by the St. Joseph Stockyards Co., which in turn is controlled by Morris and Swift, the former holding 30 per cent, and the latter 53 per cent of the total capital stock.

Hill City, Minn.—The Hill City Railway Co., capitalized at $50,000, is controlled by Armour through ownership of the capital stock.

Fort Worth, Tex.—The Fort Worth Belt Railway is controlled by Armour and Swift, four of the seven members of the board of directors of the corporation being their employees, viz: Geo. B. Robbins, vice president of Armour & Co.; A. B. Case, manager of Armour & Co., at Fort Worth: A. R. Fay, transportation manager of Swift & Co.; and J. B. Googins, manager of Swift & Co. at Fort Worth. Robbins is president of the Belt railway, and Fay vice president.

Chicago, Ill.—The Chicago Junction Railway Co., the Chicago Junction Railroad Co., and the Chicago River & Indiana Railroad Co. are all controlled by the Chicago Junction Railways and Union Stockyards Co., a New Jersey corporation, dividends on whose stock

[1] The original schedule reports showed that Armour & Co. owned 24 per cent, Morris & Co. 8 per cent, and Swift & Co. 28 per cent. From incomplete returns of later date Armour's 24 per cent and probably Morris' 8 per cent have been assigned in blank and delivered to the estate of G. F. Swift, which also holds an additional 15 per cent in the name of Edward F. Swift, which would make the present apparent holdings of the G. F. Swift estate $15,000, or 75 per cent.

[2] Originally reported as a Swift-Armour-Morris concern; according to later returns the estate of G. F. Swift acquired the entire capital stock of $1,687,500 and sold it to Swift & Co.

are guaranteed by the Chicago Stockyards Co., a Maine corporation. J. Ogden Armour controls or owns 19.4 per cent of the capital stock of the latter company. The Armour interests are connected with the Chicago Tunnel Co. and the Chicago Utilities Co., R. J. Dunham, vice president of Armour & Co., being on the board of directors of each of these corporations. The Chicago Tunnel Co. has $100,000 capital stock, all of which is owned by the Chicago Utilities Co.; it owns 61 miles of single-track freight tunnels underlying practically every street in the central business section of Chicago, connecting the freight houses of 26 trunk line railroads with commercial warehouses. The Chicago Utiltities Co. is capitalized at $49,269,000, and also owns the $100,000 capital stock of the Chicago Warehouse & Terminal Co., which carries on a business of storage and warehousing of goods and merchandise, and owns tunnels, warehouses, and terminals situated on private property in Chicago; it owns also the capital stock ($5,000) of the Illinois Telephone & Telegraph Co.

Railroads.—The railroads upon the boards of directors of which are listed stockholders and officers of the Big Five, or persons closely associated with them in a business way, connect large packing-house centers of the United States, viz: Chicago, Kansas City, Omaha, St. Louis, St. Joseph, New Orleans, St. Paul, Sioux City, Buffalo, Denver, and Seattle, and also pass through a vast territory where cattle, sheep, and hogs are produced and shipped to market.

One or more prominent stockholders or officers of the Big Five, or individuals closely associated with them in a business way, are on the boards of directors of the following:

Illinois Central Railroad Co.: J. O. Armour.
Chicago & Alton Railroad Co.: L. C. Krauthoff, an Armour attorney; V. D. Skipworth, of Wilson & Co., Inc.
Chicago, Milwaukee & St. Paul Railway Co.: J. O. Armour.
Chicago, Burlington & Quincy Railway Co.: R. J. Dunham, of Armour & Co.
Chicago Great Western Railroad Co.: E. A. Cudahy.
Norfolk Southern Railroad Co.: Lewis L. Clarke, of Swift & Co.
Kansas City Southern Railway Co.: Samuel McRoberts, of Armour & Co.

Private car lines.—The Swift Live Stock Transportation Co., capitalized at $50,000, and the Swift Refrigerator Transportation Co., capitalized at $2,500,000, are both owned by Swift interests. The Western Live Stock Express is owned by the National Manufacturing Co., a private-car line corporation whose stock is owned by the Swift interests.

The cars used by Armour & Co. in its packing business are operated directly by the transportation department of Armour & Co. The Fruit Growers Express, a separately incorporated company, owned by the Armour interests, with a capitalization of $1,500,000, operates fruit and vegetable cars.

Wilson & Co., Inc., owns the capital stock ($700,000) of the Wilson car lines.

The Morris and Cudahy car lines are operated as parts of the respective packing companies without separate incorporation.

CHAPTER III.—POSITION AND GROWTH OF THE FIVE LARGE PACKERS IN THE MEAT INDUSTRY.

Following are given the facts of control so far as ascertained, together with the historical development by which the five large packers have reached their present position in the meat industry of the United States. The position of the big packers in foreign countries is discussed in Chapter IV, and their development in by-product industries and in foods competing with meat is treated of in Chapter V.

Section 1.—Proportion of interstate live-stock slaughter controlled by the big packers.[1]

The Commission's investigation secured statistics of slaughtering for 1912 to June 30, 1917, or in some cases for only part of that period, from 225 slaughtering interests[2] engaged in interstate business and from 623 engaged in intrastate trade only. Interstate slaughterers were required to furnish the information called for and the figures represent all slaughterers known to be engaged in interstate commerce in meat. On the other hand, the information furnished by the intrastate slaughterers (hereinafter designated as "wholesale local" slaughterers) was voluntary. Of the 1,308 of these to whom schedules were sent many were out of business or were engaged only in packing and had ceased slaughtering, or the letters to them were returned unanswered. Some did not reply to repeated letters requesting their cooperation. Replies received numbered 1,132, of which 509 were from concerns no longer slaughtering and especially from concerns not within the scope of the inquiry. The 623 from

[1] Figures for 1916 and 1917 for the Big Five packers in the tables of this section, unless otherwise indicated, include those for all companies doing an interstate business and known to be severally controlled by them or by their interests, June, 1918. This gives not the actual division of business for 1916 and 1917, but one based upon the present known control.

[2] In counting interests the Big Five packers and all their subsidiary and affiliated interstate slaughtering concerns were counted as only five interests. In cases where independents have allied slaughtering concerns, the parent company and its affiliations or subsidiaries were also counted as one interest.

whom information was received and tabulated are believed to represent a high proportion of all wholesale local slaughterers engaged in wholesale slaughtering, and probably include some retail butchers.

For the year 1916, to which most of the tables refer in this section of the report, the number of interstate slaughtering interests included in the statistics is 201 and the number of intrastate or wholesale local slaughterers included is 525.

Tables giving the statistics of wholesale local slaughter appear in a following section, the present section being confined to slaughter by concerns distributing their products in interstate commerce.

For the calendar year 1916, the total number of each kind of animal slaughtered by all the 201 interstate slaughterers taken together is shown, and also the number slaughtered by the five big packers individually and as a group. Attention should be called to note 1 on page 105. The year 1916 is the latest full calendar year for which the Commission secured statistics. Its investigation of control of companies, however, has been brought down to June, 1918. It seems fair under the circumstances to attribute conditions of ownership as they now exist to the statistical compilation. For example, the E. H. Stanton Co., an independent packing concern at Spokane, was acquired by Armour & Co. in 1917. The figures of slaughter which the Stanton company reports for 1916 are therefore included as a part of Armour & Co.'s total for the year 1916. If these cases were handled otherwise, no true view of the present degree of control in the industry could be had.

TABLE 1.—*Interstate slaughterers—Big Five proportion of number of head slaughtered, by kinds, 1916, calendar year.*

	Cattle.		Calves.		Sheep.		Swine.	
	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.
Big Five total	6,535,332	82.2	1,654,942	76.6	10,518,874	86.4	25,737,269	61.2
Swift interests	2,276,068	28.6	758,278	35.1	4,434,854	36.4	10,333,755	24.6
Armour interests	1,748,909	22.0	446,393	20.7	2,756,522	22.7	7,775,342	18.5
Morris interests	1,148,562	14.5	194,320	9.0	1,107,405	9.1	2,754,915	6.5
Wilson & Co., Inc	741,401	9.3	152,219	7.0	988,891	8.1	2,635,081	6.3
Cudahy Packing Co	620,392	7.8	103,732	4.8	1,231,202	10.1	2,238,176	5.3
All other	1,412,466	17.8	505,608	23.4	1,653,389	13.6	16,320,133	38.8
Total, interstate slaughterers	7,947,798	100.0	2,160,550	100.0	12,172,263	100.0	42,057,402	100.0

As to both cattle and sheep the percentage of control—82.2 per cent and 86.4 per cent, respectively—by these five concerns constitutes a monopolistic position, considering the harmony with which the five work together in their purchases of animals and the extensiveness of their distributing systems. These combined percent-

ages of control indicate a potential degree of influence over the price paid to the producer and over the price paid by the consumer sufficient, if exercised, to account for a large share of the suspicions and complaints that have arisen over the meat situation. How the packers have used this power is shown in other parts of the report.

The 61.2 per cent of interstate slaughter of hogs as contrasted with over 80 per cent for cattle and sheep, represents a difference in the degree of monopolization which the large packers have been able to effect. The explanation of this lies in the nature of the products.

One underlying explanatory fact is that the by-products of hogs form a much smaller proportion of the live weight of the animal than do the by-products of cattle. The advantage of the big packer in large capital to utilize by-products most efficiently, therefore, has less scope in hog slaughter than in cattle slaughter. The records of the packers show that in beef cattle, in round figures, only 55 per cent of the live weight paid for is dressed carcass, while about 20 per cent is by-products or material for by-products, and 25 per cent is not recovered, being shrinkage representing moisture, etc.; in hogs, on the other hand, the dressed carcass (or cuts of meats) is shown to be 75 per cent of the live weight, the by-products only about 10 per cent, and the loss in shrinkage 15 per cent. Thus, the independent's relative disadvantage in handling by-products applies to a smaller percentage of his output in the case of hogs than in the case of cattle.

Still more important in explaining the turning of independents to hog slaughter is the fact that beef, veal, and mutton are sold almost entirely in a fresh state, and if transported to any distance must be chilled or frozen. The five principal packers, through the operation of their private car lines, have such an advantage in handling these classes of meats that the number of independent packers who do any considerable interstate or export business in beef, veal, and mutton is limited. Nearly all the independent interstate slaughterers confine their interstate trade largely to cured hog products, etc., which do not require refrigeration; and in fresh meats do principally a local business.

Again, many independents who can not effect a wide distribution of their hog products to wholesalers can sell part of them on the board of trade, where the big packers or their brokers are among the buyers, or can sell them direct to the big packers in partly processed or in cured form.

Many of the independents, reaching distant cities with their cured hog products and affecting, as part of them do, the export market to some extent, are far less liable to meet local price discrimination in these products at the hands of the big packers than in the case of fresh beef and mutton. Not only is the large packer able to under-

sell on fresh meats in a local market without disturbing price levels elsewhere, but because of the perishable character of the commodity he can force the small packer to sell at the cut price in order to avoid total loss. For these reasons the independent usually does not become an aggressive competitor in his local fresh-meat market, but has somewhat freer play in the wider scope of his cured-meat and lard sales.

Cured meats, however, requiring a considerable time to process, increase the inventory of the packer and in times of high prices for hogs reduce the activity of his working capital, which results in curtailment of the business or additional loans. The small packer, lacking strong banking connections, is by no means so well able to manage on a rising market as is his big rival.

This situation as between cattle and hogs is brought out by the fact that out of 196 independent interstate slaughterers only 147 slaughtered any cattle, while 160 slaughtered hogs. The number who slaughtered hogs only was 36 or 18 per cent of the total. It is further shown by the fact, derived from Table 1, that of the total cattle and hogs slaughtered by the Big Five in 1916, 20 per cent was cattle; while in the case of the independents only 8 per cent was cattle.

In the same way and for much the same reasons slaughter of of calves and sheep forms only a small proportion of the total number of animals the independents slaughter. If one adds together the cattle, calves and sheep slaughtered by the independents, as given in Table 1, he will find that these three kinds of animals account for only 18 per cent of their kill, leaving hogs slaughtered as 82 per cent of their business. With the Big Five, on the other hand, cattle, calves and sheep constitute 42 per cent of their kill, and hogs 58 per cent.

The extent of the big packers' control of the interstate trade in beef and mutton is actually somewhat greater than shown by the figures in Table 1 because of the greater weight of animals slaughtered by them as compared with the weight of those slaughtered by the smaller packers. This is clear from the following:

TABLE 2.—*Interstate slaughterers—Average live weight of slaughtered animals (by kinds) for which weights were reported by Big Five and by all other, 1916, calendar year.*

	Big Five.	All other.
	Pounds.	*Pounds.*
Cattle	1,003.56	994.24
Calves	181.33	154.24
Sheep	79.17	77.94
Swine	215.20	196.40

The representative character of these averages is shown by the high percentages of (1) number of head for which live weight was reported; and (2) number of "all other" concerns reporting live weight, as follows:

	Big Five.			All other.		
	Total slaughter.	Weight reported.	Per cent.	Total slaughter.	Weight reported.	Per cent.
	Head.	*Head.*		*Head.*	*Head.*	
Cattle	6,535,332	6,430,431	98.4	1,412,466	1,104,802	78.2
Calves	1,654,942	1,570,202	94.9	505,608	307,592	60.8
Sheep and lambs	10,518,874	10,262,174	97.6	1,653,389	977,651	59.1
Swine	25,737,269	23,680,560	92.0	16,320,133	12,786,233	78.3

	"All other" concerns slaughtering.	"All other" concerns reporting weights.	Per cent.
	Number.	*Number.*	
Cattle	147	87	59
Calves	120	76	63
Sheep and lambs	110	64	58
Swine	160	113	70
Total, omitting duplications	196		

An absolute comparison of the Big Five with all other interstate slaughterers based on pounds of live weight could not be secured because many companies had no records of live weight. Table 2, however, gives the average weight of from 92 to 98 per cent of the kill by the Big Five, in contrast with the average for from 59 to 78 per cent of the independent kill, and may therefore be taken as a sufficient indication of relative weight.

If the respective averages shown by Table 2 be applied to the total kill of the Big Five and of all other, the results are shown in the following table, which gives a somewhat more accurate measure of the degree of control:

TABLE 3.—*Interstate slaughterers—Big Five proportion of estimated live weight of all animals slaughtered, by kinds, 1916, calendar year.*

	Big Five.			
	Total number slaughtered.	Estimated average live weight, pounds.	Estimated total live weight.	
			Pounds.	Per cent.
Cattle	6,535,332	1,003.56	6,558,597,782	82.4
Calves	1,654,942	181.33	300,090,633	79.4
Sheep and lambs	10,518,874	79.17	832,779,255	86.6
Total cattle, calves, sheep and lambs			7,691,467,670	82.7
Swine	25,737,269	215.20	5,538,660,289	63.3
Total			13,230,127,959	73.3

TABLE 3.—*Interstate slaughterers—Big Five proportion of estimated live weight of all animals slaughtered, by kinds, 1916, calendar year*—Continued.

	All other.			
	Total number slaughtered.	Estimated average live weight, pounds.	Estimated total live weight.	
			Pounds.	Per cent.
Cattle	1,412,466	994.24	1,404,330,196	17.6
Calves	505,608	154.24	77,984,978	20.6
Sheep and lambs	1,653,389	77.94	128,865,139	13.4
Total cattle, calves, sheep and lambs			1,611,180,313	17.3
Swine	16,320,133	193.40	3,205,274,121	36.7
Total			4,816,454,434	26.7

	Total interstate slaughterers.		
	Total number slaughtered.	Estimated total, pounds.	Live weight, per cent.
Cattle	7,947,796	7,962,927,978	100.0
Calves	2,160,550	378,075,611	100.0
Sheep and lambs	12,172,263	961,644,394	100.0
Total cattle, calves, sheep and lambs		9,302,647,983	100.0
Swine	42,057,402	8,743,934,410	100.0
Total		18,046,582,393	100.0

For clearness the percentages of control based on number slaughtered as given in Table 1 may be set side by side with the percentages just given in Table 3, which are based on the closest obtainable approximation of the actual live weight.

TABLE 4.—*Interstate slaughterers—Comparison of Big Five proportions based on number of head slaughtered and on estimated live weight, by kinds.*

	Percentage of control based on—			
	Actual number slaughtered.		Estimated live weight.	
	Big Five.	All other.	Big Five.	All other.
Cattle	82.2	17.8	82.4	17.6
Calves	76.6	23.4	79.4	20.6
Sheep and lambs	86.4	13.6	86.6	13.4
Swine	61.2	38.8	63.3	36.7
Total all animals			73.3	26.7
Total cattle, calves, sheep and lambs			82.7	17.3

This comparison shows that the proportion of control on the basis of estimated live weight is in each case somewhat greater than that

on the basis of animals slaughtered. In cattle and sheep it changes the proportion of control immaterially—only two-tenths of a per cent. In calves and swine, on the other hand, it reveals considerable increases over the proportion of animals slaughtered. Their proportion of calves, in live weight, is 79.4 instead of 76.6 per cent: and their proportion of swine, in live weight, is 63.3 instead of 61.2. These increases in percentage are due to the markedly higher average weight of big packer calves and swine as compared with small packer, their calves averaging 27.09 pounds heavier than those of the independents and their swine 18.8 pounds heavier.

To add number of cattle and number of sheep, for example, gives a hybrid total, which is meaningless; but reduced to live weight, total pounds of cattle may be added without undue violence to total pounds of calves, sheep, and swine, though it would be better if figures were available to add dressed weights rather than live weights, since a dressed carcass of beef is a very different proportion of the live weight of the steer from that which the dressed carcass of mutton is of the live weight of the sheep. On the live-weight basis, all animals slaughtered by the Big Five in 1916 totaled in round numbers 13,230,000,000 pounds, which was 73.3 per cent of the total pounds for all interstate slaughterers.

A still better comparison, as suggested, would be the dressed weight of animals slaughtered. There may be differences between the average yield of dressed meat realized by the Big Five from a given kind of animals and the yield realized by the small packers from the same kind. However, so few companies reported satisfactory figures of dressed weight that comparisons of the sort suggested could not be made.

Section 2.—Wholesale local slaughter.

The total slaughter of the intrastate slaughterers, referred to herein as "wholesale local slaughterers," is shown in the following table, which as stated on page 106 no doubt includes some retail butchering.

TABLE 5.—*Wholesale local slaughterers—Number of head slaughtered, by kinds, with number of concerns, 1916 calendar year.*

	Number of concerns.[1]	Head.
Cattle	417	829,060
Calves	393	487,488
Sheep	292	1,235,261
Swine	423	3,204,435

[1] Includes only those concerns which reported for 1916 the number of head of the respective kinds slaughtered. The total number of concerns which reported for this year slaughter for one kind of animal or more, omitting all duplications, is 525.

The slaughter by the 525 companies in wholesale local trade for 1916 is distributed among the four classes of animals in a ratio very different from that of the smaller interstate slaughterers and very like to that of the Big Five. While the "all other" interstate slaughterers report only 7 per cent of their kill as cattle, the wholesale local slaughterers report 14 per cent of their kill as cattle and the Big Five report 15 per cent. Again the kill of sheep is reported by the "all other" interstate as only 8 per cent of their total; but by the wholesale local as 21 per cent and by the Big Five as 24 per cent. The kill of hogs—no less than 82 per cent of the number of animals slaughtered by the "all other" interstate—is only 58 per cent in the case of the Big Five and only 56 per cent in the case of the wholesale local packers.

This likeness of the wholesale local slaughterers to the Big Five with respect to the division of their kill between the kinds of animals, is very marked, as in the difference of both of them from the "all other" interstate slaughterers. The reason why the smaller interstate slaughterers kill principally hogs has been explained above as due to the restraint placed on their fresh beef, veal, and mutton business by the control of refrigerator cars and branch houses by the Big Five, and their consequent turning to cured pork products in which the big packer has less advantage. The wholesale local packer, on the other hand, needs little if any refrigerator-car service and, though restrained from growing very large, develops within his limited sphere a business showing normal relations between the classes of animals just as the business of the Big Five does.

The exception as to calves, which form 8 per cent of the kill of the wholesale local packers and only 4 per cent of that of the Big Five, is presumably due to the local packers' greater accessibility to the dairy farming regions where the calves produced are numerous but not suitable from an economic standpoint for shipment to any great distance.

The average live weight of animals slaughtered by the wholesale local slaughterers is as follows; so far as the figures of weight were reported:

AVERAGE LIVE WEIGHT.

	Pounds.
Cattle	946.21
Calves	149.32
Sheep and lambs	78.80
Swine	160.94

The average weights in the above table are sufficiently representative, being based on from 47 per cent to 76 per cent of the total num-

ber of animals. The total animals slaughtered and number for which live weight was reported by wholesale local slaughterers with percentages so reported are as follows for each animal:

	Total slaughtered.	Number for which weight reported.	Per cent.
Cattle	829,060	472,013	56.9
Calves	487,488	230,083	47.2
Sheep and lambs	1,235,281	772,855	62.6
Swine	3,204,435	2,460,328	76.8

That these average weights are representative is further shown by the fact that they were not reported by any small number of companies, but by from 51 to 58 per cent of the 525 concerns who slaughtered, as follows:

	Number of concerns—		Per cent.
	Slaughtering.	Reporting weight.	
Cattle	426	237	56
Calves	402	204	51
Sheep and lambs	292	154	53
Swine	423	246	58
Total, omitting duplications	525		

Section 3.—Total interstate and wholesale local slaughter.

The number of animals slaughtered by wholesale local slaughterers, as shown by Table 5, if taken in conjunction with Table 3, furnishes the total slaughter in what may be called wholesale slaughtering establishments as distinguished from slaughterers in butcher shops and on farms. This total is shown below, the "all other interstate" and the wholesale local slaughterers being added together and set against the Big Five:

TABLE 6.—*Interstate and wholesale local slaughterers—Big Five proportion of number of head slaughtered, by kinds, 1916, calendar year.*

[Derived from Tables 3 and 5.]

	Big Five.		All other interstate and wholesale local.[1]		Total slaughter.[1]	
	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.
Cattle	6,535,332	74.5	2,241,526	25.5	8,776,858	100.0
Calves	1,654,942	62.5	993,096	37.5	2,648,038	100.0
Sheep	10,518,874	78.5	2,888,650	21.5	13,407,524	100.0
Swine	25,737,269	56.9	19,524,568	43.1	45,261,837	100.0

[1] No doubt including some retail butchering. Excluding bulk of retail butchering and all slaughter on farms.

The proportion of control of interstate slaughter shown in section 1 of this chapter is more significant, especially as to cattle and sheep, than any proportion based upon the combined totals just given for interstate and for wholesale local slaughter. The concerns engaged in slaughtering for the wholesale trade but not sending their products across State lines are very numerous and their aggregate kill is considerable. They effect little mitigation, however, in monopolistic conditions as to price control in the meat industry of the country as a whole; certainly what effect they have is by no means in proportion to the number of animals they slaughter.

The ability of the large packers to undersell the small slaughterer locally is a potent weapon, even if unused, to keep him from undertaking any aggressive campaign to increase his business. The branch houses and "peddler car" routes of the Chicago packers cover the country with such a network that the local slaughterer realizes that he can not maintain himself against their distributing system if he should attract their unfavorable attention by aggressively trying to increase his volume of business. The local packer, though able to compete in the local market, fears to exert his full powers. His strong tendency is to come in "under the umbrella" of big-packer prices and to content himself with a modest share of the near-by business. Evidence on this point and on competitive conditions generally as they affect the smaller slaughterers is given in other Parts of the report.

The foregoing Table 6 is, therefore, chiefly interesting as a view of the comparative kill, not as an index of the full degree of packer competitive control. While the table shows the development of the Big Five's proportion in the physical handling of the kill, it does not adequately measure the field in which their price policies are operative. Taking the figures for the Big Five in relation to the grand total of Table 6 gives the following proportionate kill by the five principal packing companies: Cattle, 74.5 per cent; calves, 62.5 per cent; sheep and lambs, 78.5 per cent; hogs, 56.9 per cent.

These percentages are based on number of head. Preceding tables have shown average live weights of animals slaughtered by the three groups of packers. These, brought together for convenience, are as follows:

TABLE 7.—*Interstate and wholesale local slaughterers—Average live weight of slaughtered animals (by kinds) for which weights were reported by Big Five, by all other interstate, and by wholesale local slaughterers, 1916, calendar year.*[1]

	Big Five.	All other interstate.	Wholesale local.
	Pounds.	*Pounds.*	*Pounds.*
Cattle	1,003.56	994.24	946.21
Calves	181.33	154.24	149.32
Sheep	79.17	77.94	78.80
Swine	215.20	196.40	160.94

[1] For data on representative character of these average weights, see pp. 109 and 112.

in the manner of Table 3, these average live weights were ap-
to the total number of animals slaughtered by the three re-
ve classes of packers, and the resultant pounds of meat were
rtionately compared it would be found that the Big Five per-
es based on this estimated total live weight are—cattle, 75
nt; calves, 66.6 per cent; sheep and lambs, 78.6 per cent; swine,
er cent. In the case of calves and swine these percentages
on live weight are appreciably greater than the percentages
on number of head.
se results are shown in the following table:

ł—*Interstate and wholesale local slaughterers—Big Five proportion of ited live weight of all animals slaughtered, by kinds, 1916, calendar year.*

	Big Five.			
	Total number slaughtered.	Estimated average live weight, pounds.	Estimated total live weight.	
			Pounds.	Per cent.
	6,535,332	1,003.56	6,558,597,792	75.0
	1,654,942	181.33	300,090,633	66.6
lambs	10,518,874	79.17	832,779,255	78.6
l cattle, calves, sheep and lambs			7,691,467,670	74.9
	25,737,269	215.20	5,538,660,289	59.8
l			13,230,127,959	67.8
	All other interstate and wholesale local.			
	Total number slaughtered.	Estimated average live weight, pounds.	Estimated total live weight.	
			Pounds.	Per cent.
	2,241,526	976.48	2,188,795,058	25.0
	993,096	151.82	150,776,686	33.4
lambs	2,888,650	78.31	226,203,705	21.4
l cattle, calves, sheep and lambs			2,565,775,449	25.1
	19,524,568	190.58	3,720,995,889	40.2
l			6,286,771,338	32.2
	Total interstate and wholesale local.			
	Total number slaughtered.	Estimated average live weight, pounds.	Estimated total live weight.	
			Pounds.	Per cent.
	8,776,858	996.64	8,747,392,840	100.0
	2,648,038	170.26	450,867,319	100.0
l lambs	13,407,524	78.98	1,058,982,960	100.0
al cattle, calves, sheep and lambs			10,257,243,119	100.0
	45,261,837	204.58	9,259,656,178	100.0
tal			19,516,899,297	100.0

The percentages of the above table should be placed in juxtaposition with the more significant percentages reached above (p. 109) on the basis of interstate slaughter alone.

TABLE 9.—*Comparison of Big Five proportions of interstate and wholesale local slaughter, and of interstate slaughter, based on estimated live weight, by kinds.*

	Interstate and wholesale local.	Interstate.
	Per cent.	*Per cent.*
Cattle	75.0	82.4
Calves	66.6	79.4
Sheep and lambs	78.6	86.6
Total cattle, calves, sheep and lambs	74.9	82.7
Swine	59.8	63.3
Total	67.8	73.3

Because of the diversity in weight among the four kinds of animals the "total" percentages above, being based on estimated pounds, are superior as a comparison of control in the whole industry to percentages based on the total number of head. In the absence of accurate figures of dressed weight, which relatively few slaughterers could furnish from their records, the best single measure of the power of the Big Five over the meat trade of the country is their 73.3 per cent control of interstate slaughter.

Section 4.—Reasons for not considering retail butchering and slaughter on farms.

No comparison is made in this report between the number of animals slaughtered by the Big Five and the estimated total slaughter of the country including slaughter in retail butcher shops and on farms. The large packers in their advertising campaign put forth statements giving a relatively low proportion of control by them which are based on this estimated total slaughter. There are two conclusive reasons why such a comparison is unreliable and misleading.

BASIS OF ESTIMATE NOT SAFE.—The first reason for not using the estimated total slaughter of the country as a basis by which to judge the degree of monopoly by the large packers is the simple fact that the estimate itself, though made by the Government and made according to the only available method, is entirely unsafe to adopt as a figure for the total slaughter of live stock under present conditions. This is clear when the basis and methods of Government estimates of total slaughter are understood.

No census of animals slaughtered in this country has been made since 1909, ten years ago. In the decennial census by the Census

Bureau at that time, an enumeration of live stock slaughtered on farms and in retail butcher shops was made as well as of slaughter in wholesale slaughtering establishments, including slaughterers engaged in interstate trade. The figures of total slaughter in 1909 were therefore actual. Further, in 1909, and thereafter, the Bureau of Animal Industry has recorded the number of animals slaughtered by concerns in interstate commerce, all such being required by law to have Federal inspection of their product. The method by which the Government has estimated the total slaughter in the years since 1909 is to assume that the ratio of animals slaughtered in federally inspected establishments in 1909 to the total slaughter in 1909 was a normal ratio and that it has therefore been constant ever since. Thus, using cattle as an illustration, the actual total slaughter in 1909, including slaughter on farms, etc., was 13,611,422 head. Of this total, 7,713,807 head, or 56.67 per cent, were slaughtered in federally inspected establishments. Therefore, when the next calendar year, 1910, the cattle slaughtered in the inspected establishments were 7,807,600 head, the Government estimate assumed that in the absence of an actual census the same ratio would apply and that this 7,807,600 head could be taken to be 56.67 per cent of the total kill in the entire country. On this assumption the total slaughter of cattle in 1910 would have been 13,777,307.[1]

The assumption that the 1909 ratio was normal and constant has no basis in experience because Federal inspection did not become operative by law for all interstate slaughtering business till 1906 and consequently 1909 was the first census in which this ratio was known. It can be said that, in the absence of any better method, the Government estimate is a reasonable one for the years immediately following 1909, but it can not be said that the 1909 ratio is a safe basis for the recent estimates of total slaughter, seven, eight, or nine years later in a period when the world war has been producing great but not definitely measured changes in our agricultural economics. The Commission, for this reason alone, would reject any figure of proportion of control by the Big Five based on this estimated total slaughter.

The Bureau of Animal Industry recently has made revised estimates, as yet unpublished, of the total slaughter of cattle and calves,

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[1] The 1909 ratio of federally inspected slaughter to total slaughter as enumerated by the Bureau of the Census was as follows for each animal:

	Per cent.
Cattle	56.67
Calves	33.59
Sheep and lambs	77.08
Swine	58.99

These are the percentages which have been used each year since 1909 in connection with the actual slaughter in inspected establishments for the current year in arriving at an estimated total for the country including the farm slaughter, retail butchering, and wholesale local slaughter.

based on its revised estimates as to what ratios of the total are comprised by the federally inspected slaughter of these animals. The revision of ratios was made because the use of the 1909 ratios gave totals so large as to be patently incompatible with the facts. The new estimate for 1916 assumes the federally inspected slaughter of cattle to be 69.1 per cent of the total cattle slaughter of the country instead of the old estimate which uses the 1909 ratio of 56.67. In other words, it assumes, properly, that a far higher proportion of cattle were slaughtered under Federal inspection in 1916 than in 1909. Similarly, the new estimated ratio for calves slaughtered in federally inspected plants is 41 per cent instead of the 33.59 per cent previously used.

These revised estimated ratios for cattle and calves consequently give a much reduced estimated total slaughter. Thus the total slaughter of cattle in the United States in 1916 is estimated by the new ratio as only 12,026,712 head instead of 14,664,651, the old estimate on which the big packers rely in their public statements of their proportion of control in the industry. The new estimate of total calf slaughter would be 5,773,909 head in 1916 instead of the old estimate of 7,047,642.

The new estimates of the Department of Agriculture, as stated, have not been published. They are doubtless useful for the purposes of the department and much nearer the facts than the estimates previously used. The Commission, however, does not believe that a satisfactory basis for judging the Big Five proportion of the country's total slaughter will be available until a new census, including actual slaughter on the farm and in local plants, is taken.

TOTAL SLAUGHTER NOT SIGNIFICANT AS RESPECTS COMPETITIVE CONTROL.—The second reason for rejecting this comparison is still more conclusive. Even if the actual total slaughter of the country were known definitely, a comparison of this total with the slaughterings of the Big Five would not be adequate as a measure of their competitive control of the industry. The fact that the farmer has an opportunity to raise and slaughter cattle for his own use or for the local use of an adjacent town or village has little bearing on the question of the monopolistic position of the big packers as regards their control of the prices which the great majority of the urban population must pay for meats.

It is untenable to contend that the big packers have no monopoly so long as the farmer continues to kill some of his own animals and eat the meat produced from them. Animals that the farmer sells to go into the course of trade, other than merely local trade, may or may not be physically handled by the Big Five, but the influence which these great packers exert toward stifling any aggressive com-

petition which looks toward increasing business by fairly underselling them affects even local markets and in the long run to the disadvantage of the consumer.

Section 5.—Proportion of production of lard.

Approximately 98 per cent [1] of the lard produced in manufacturing establishments in the United States in 1914 was produced in establishments devoted primarily to the industry of slaughtering and meat packing, though what proportion of this was produced by interstate slaughterers is not known. Table 10 below presents the figures for lard production for interstate slaughterers. There is in addition to this a considerable quantity of lard produced by wholesale local slaughterers and by other classes of concerns.

TABLE 10.—*Interstate slaughterers—Big Five proportion of lard production, 1916, and Jan. 1–June 30, 1917.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916	785,130,302	75.5	254,429,372	24.5	1,039,565,674	100.0
1917 (6 months)	344,697,924	75.7	110,647,100	24.3	455,345,024	100.0

In 1916 the Big Five percentage of lard production by interstate slaughterers was 75.5, while their percentage of the slaughter of swine on the basis of estimated live weight (see Table 3) was 63.3 per cent. The purchase of animal fat from the small slaughterer and a relatively closer utilization of material by the Big Five gives them a higher percentage of control in this branch of the industry than in the main line of slaughtering.

Section 6.—Proportion of stocks of frozen beef, cured hog meats, and lard.

Table 11 sets forth the stocks of the more important nonperishable meats, in quantities and percentages, as held in 1916 by the Big Five and by all other interstate slaughterers. The stocks as given in the table are the averages of the inventories taken at the close of each month. (For the detail by months, including also seven months of 1917, see Exhibit VII, pp. 489–490.)

[1] Census of Manufactures, 1914, Slaughtering and Meat Packing, p. 2).

TABLE 11.—*Interstate slaughterers—Big Five proportion of average of monthly stocks of frozen beef and cured pork products, 1916, calendar year.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
Frozen beef	62,535,507	95.0	3,312,839	5.0	65,848,346	100.0
Smoked ham and bacon	10,702,402	64.1	5,990,314	35.9	16,692,715	100.0
Dry salt pork	142,069,065	69.8	61,549,482	30.2	203,618,548	100.0
Pickled pork	219,887,142	70.5	92,199,703	29.5	312,086,845	100.0
Total above meats from swine	372,658,609	70.0	159,739,499	30.0	532,398,108	100.0

It is here shown that independent interstate slaughterers held in 1916 only five per cent of the average monthly inventories of frozen beef though their percentage of estimated live weight of cattle slaughtered was 17.6 (see Table 3). Under proper conditions frozen beef keeps for a long period. Ability to hold stocks gives power over prices. Moreover, frozen beef is used largely for the export trade. A comparison of these percentages not only discloses the relatively small part which the independent plays in the holding of frozen beef—a holding less than one-third of his percentage of cattle slaughter—but affords an index of his insignificant place in the export business.

Independent interstate slaughterers held 30 per cent of the average monthly stocks of meats derived from the slaughter of swine though their percentage of estimated live weight of swine slaughtered was 36.7 (see Table 3). On the other hand, the big packers, who have every physical and financial facility for curing and holding meats, had a relatively high percentage of meat stocks derived from the slaughter of swine—namely, 70 per cent of stocks as contrasted with their slaughter percentage of 63.3 (see Table 3).

In considering the production of lard it was noted (p. 119) that the Big Five percentage of the total lard output of interstate slaughterers for 1916 was considerably higher than the Big Five percentage of interstate slaughter of swine. Table 12 below shows the average of the monthly inventories of lard for this same year as held by interstate slaughterers and the proportion controlled by the Big Five. This proportion of average holding, 75.7 per cent, was slightly higher than the Big Five percentage of lard production, and, of course, materially higher than their percentage of swine slaughter for interstate companies, which on the basis of estimated live weight (see Table 3) was 63.3 per cent. The detail of this table by months appears in Exhibit VII, together with monthly stocks from January 31 to July 31, 1917. (See p. 491.)

TABLE 12.—*Interstate slaughterers—Big Five proportion of average of monthly stocks of lard, 1916, calendar year.*

	Pounds.	Per cent.
Big Five	63,043,437	75.7
All other	20,186,528	24.3
Total	83,229,965	100.0

The monthly fluctuation of stocks of the frozen and cured meats above mentioned and of lard is given in Exhibit VIII (pp. 492–493) for the period from January 31, 1916, to July 31, 1917.

Section 7.—Control of interstate slaughter by Big Five in 12 important packing centers.

GEOGRAPHIC CONCENTRATION.—Concentration of the packing industry is no less marked in point of place than in point of ownership. Taken together the two phases of concentration become especially significant. Table 13 below shows that of the total slaughter by interstate concerns in 1916 there were slaughtered in 12 important packing centers 81 per cent of the cattle, 65.3 per cent of the calves, 78.5 per cent of the sheep and lambs, and 58 per cent of the swine. This geographic concentration would appear yet greater if the cities had been chosen solely on the basis of numbers slaughtered.

TABLE 13.—*Interstate slaughterers—Geographic concentration of slaughter in 12 important packing centers, by kinds of animal, 1916, calendar year.*

Packing center.	Cattle.		Calves.		Sheep		Swine	
	Head slaughtered.	Per cent.	Head slaughtered.	Per cent	Head slaughtered	Per cent	Head slaughtered	Per cent.
Chicago	1,949,735	24.5	428,072	19.8	3,475,636	28.5	7,736,978	18.4
Kansas City	1,169,658	14.7	155,441	7.2	1,292,787	10.6	3,183,772	7.6
Omaha	806,863	10.2	34,437	1.6	1,935,421	15.9	2,387,935	5.7
St. Louis	694,715	8.7	198,848	9.2	581,320	4.8	2,992,474	7.1
New York City	409,917	5.2	228,928	[illegible]	1,022,015	8.4	602,300	1.4
St. Joseph	311,848	3.9	25,096	1.2	604,828	5.0	2,101,748	5.0
Fort Worth	364,014	4.6	148,763	6.9	176,508	1.4	859,347	2.1
St. Paul	230,452	2.9	120,911	5.6	142,519	1.2	1,609,292	3.8
Sioux City	[1] 203,482	2.6	11,769	0.5	204,387	1.7	[1] 1,273,890	3.0
Oklahoma City	174,541	2.2	43,921	2.0	69,455	0.6	729,773	1.7
Denver	58,058	0.7	4,111	0.2	46,216	0.4	365,016	0.9
Wichita	66,857	0.8	10,597	0.5	1,342	(²)	557,208	1.3
Total, 12 centers	6,440,140	81.0	1,410,854	65.3	9,552,943	78.5	24,399,933	58.0
All other	1,507,658	19.0	749,696	34.7	2,619,320	21.5	17,657,469	42.0
Grand total, United States	7,947,798	100.0	2,160,550	100.0	12,172,263	100.0	42,057,402	100.0

[1] This does not include animals slaughtered by one small plant which did not report the number.
[2] Less than five one-hundredths of 1 per cent.

PROPORTION OF CONTROL IN THE 12 CITIES SEVERALLY AND AS A WHOLE.—The following table shows for 1916 the interstate slaughter

of each kind of animal in each of these 12 cities with the total for the 12 and the proportions controlled by the Big Five and by independents:

TABLE 14.—*Interstate slaughterers—Big Five proportion of slaughter in 12 important packing centers, by kinds of animal, 1916, calendar year*

Packing center	Cattle		Calves.		Sheep.		Swine.	
	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.
Chicago:								
Big Five	1,697,425	87.1	400,748	93.6	3,353,700	96.5	5,212,036	67.3
All other	252,310	12.9	27,324	6.4	121,936	3.5	2,524,942	32.7
Total interstate slaughterers	1,949,735	100.0	428,072	100.0	3,475,636	100.0	7,736,978	[illegible]
Kansas City:								
Big Five	1,164,643	99.6	154,383	99.3	1,290,053	99.8	3,140,255	98.6
All other	5,015	0.4	1,058	0.7	2,734	0.2	43,517	1.4
Total interstate slaughterers	1,169,658	100.0	155,441	100.0	1,292,787	100.0	3,183,772	100.0
Omaha:								
Big Five	806,963	100.0	34,457	100.0	1,935,421	100.0	2,387,935	100.0
All other	(1)	......	(1)	......	(1)	......	(1)	......
Total interstate slaughterers	806,963	100.0	34,457	100.0	1,935,421	100.0	2,387,935	100.0
St. Louis:								
Big Five	619,734	89.2	189,552	95.3	568,476	97.8	1,920,189	64.2
All other	74,981	10.8	9,296	4.7	12,853	2.2	1,072,285	35.8
Total interstate slaughterers	694,715	100.0	198,848	100.0	581,329	100.0	2,992,474	100.0
New York City:								
Big Five	400,420	97.7	115,953	50.7	612,604	59.9	(1)	......
All other	9,497	2.3	112,975	49.3	409,411	40.1	602,500	100.0
Total interstate slaughterers	409,917	100.0	228,928	100.0	1,022,015	100.0	602,500	100.0
St. Joseph:								
Big Five	310,028	99.4	24,336	97.2	604,728	100.0	2,097,848	99.8
All other	1,820	0.6	700	2.8	100	(3)	3,900	0.2
Total interstate slaughterers	311,848	100.0	25,036	100.0	604,828	100.0	2,101,748	100.0
Fort Worth:								
Big Five	364,011	100.0	148,763	100.0	176,508	100.0	859,347	100.0
All other	(1)	......	(1)	......	(1)	......	(1)	......
Total interstate slaughterers	364,011	100.0	148,763	100.0	176,508	100.0	859,347	100.0
St. Paul								
Big Five	230,452	100.0	120,763	99.9	142,401	99.9	1,502,835	93.4
All other	(2)	......	148	0.1	118	0.1	106,457	6.6
Total interstate slaughterers	230,452	100.0	120,911	100.0	142,519	100.0	1,609,292	100.0
Sioux City:								
Big Five	203,482	......	11,769	......	204,387	......	1,273,890	......
All other	(4)	......	(4)	......	(4)	......	(4)	......
Total interstate slaughterers	(4)	......	(4)	......	(4)	......	(4)	......
Oklahoma City:								
Big Five	174,541	100.0	43,021	100.0	69,455	100.0	729,773	100.0
All other	(1)	......	(2)	......	(1)	......	(1)	......
Total interstate slaughterers	174,541	100.0	43,021	100.0	69,455	100.0	729,773	100.0
Denver:								
Big Five	58,058	100.0	4,111	100.0	46,216	100.0	365,016	100.0
All other	(1)	......	(1)	......	(1)	......	(1)	......
Total interstate slaughterers	58,058	100.0	4,111	100.0	46,216	100.0	365,016	100.0
Wichita:								
Big Five	52,038	77.8	8,395	79.1	1,610	87.4	279,652	50.2
All other	14,819	22.2	2,212	20.9	232	12.6	277,556	49.8
Total interstate slaughterers	66,857	100.0	10,607	100.0	1,842	100.0	557,208	100.0
Total 12 centers:								
Big Five	6,081,698	94.4	1,257,151	89.1	9,005,559	94.3	19,768,776	81.0
All other	358,442	5.6	153,703	10.9	547,384	5.7	4,631,157	19.0
Total interstate slaughterers	6,440,140	100.0	1,410,854	100.0	9,552,943	100.0	24,399,933	100.0

[1] No plant.
[2] Plant, no slaughtering.
[3] Less than one-tenth of 1 per cent.
[4] Two small plants did not report number slaughtered

In these 12 cities having, in 1916, 81 per cent of the interstate slaughter of cattle of the whole country, 65.3 per cent of the calves, 78.5 per cent of the sheep and lambs, and 58 per cent of the swine, the Big Five control 94.4 per cent of the interstate slaughter of cattle, 89.1 per cent of calves, 94.3 per cent of the sheep and lambs, and 81 per cent of the swine.

PROPORTION OF CONTROL IN CHICAGO.—The Chicago live-stock market is the largest in the country. In this one city are slaughtered 24.5 per cent of all interstate slaughter of cattle; 19.8 per cent of calves; 28.5 per cent of sheep and lambs; and 18.4 per cent of swine. The importance of Chicago as the leading packing center is shown by the fact that the cattle killed in Chicago for interstate commerce are more than 1⅔ times the number killed in Kansas City, the next largest center of cattle slaughter; the kill of calves and of sheep and lambs in Chicago is 1⅘ times the kill, respectively, of New York City and of Omaha, the next largest centers in the slaughter of these animals; and the Chicago kill of swine is nearly 2½ times that of Kansas City, the city next largest in this respect.

In the Chicago market the Big Five slaughter 87.1 per cent of all cattle slaughtered there for interstate commerce; 93.6 per cent similarly of calves; 96.5 per cent of sheep and lambs; and 67.3 per cent of swine. They may, therefore, be said to have a substantially monopolistic control of the chief slaughtering center of the country.

The control of the slaughter of cattle and swine by the Big Five in Chicago, while a very high proportion of the large total slaughtered there, is less marked than in many of the other important centers. Thus, of cattle slaughter in Chicago the Big Five have 87.1 per cent, while in the remaining 11 cities represented in Table 14 they have 97.6 per cent of the cattle slaughter. Similarly, of swine slaughter in Chicago they have 67.3 per cent, while in the remaining 11 cities their proportion is 87.4 per cent.

On the other hand, in the slaughter of calves and of sheep and lambs the Big Five have a higher proportion in Chicago than in the other 11 cities of Table 14. With 93.6 per cent of the calf slaughter in Chicago, they have in the other 11 cities 87.1 per cent; and with 96.5 per cent of the Chicago slaughter of sheep and lambs they have 93 per cent in the other cities of the table.

PROPORTION OF CONTROL IN CITIES SELECTED FROM THE 12.—The following paragraphs state the proportion of Big Five control in cities selected from Table 14, taking in the case of each animal the six cities that lead in the slaughter of that animal. Chicago is the first city in the slaughter of each kind; Kansas City is second in cattle and in swine, third in sheep, and fourth in calves; St. Louis is third in the slaughter of calves and of swine, fourth in cattle, and sixth in

sheep. None of the other cities appears among the first six in all four kinds of animals. Omaha, second in sheep, third in cattle, and fourth in swine, does not have a place among the first six in calf slaughter. New York City, though second in calf slaughter, fourth in sheep, and fifth in cattle, is not one of the six leading in the slaughter of swine. St. Joseph and Fort Worth each appear among the six leading cities in the case of only two kinds of animals. Milwaukee, which is not shown in the table, ranks sixth in calves only, and St. Paul sixth in swine only.

Cattle.—The six cities leading in the slaughter of cattle—Chicago, Kansas City, Omaha, St. Louis, New York, and Fort Worth—in 1916 slaughtered 5,394,902, or 67.9 per cent of the country's total interstate cattle slaughter. The Big Five slaughtered 5,053,099 head, or 93.7 per cent of the interstate cattle slaughter of these six chief cities, while independents in interstate commerce slaughtered only 341,803 head, or 6.3 per cent. The Big Five proportion is 93.7 per cent in the 6 leading cities, though in the 12 cities of Table 14 their proportion is 94.4 per cent. The lower percentage in the 6 cities than in the 12 is due to the preponderating influence of Chicago, where their proportion of cattle slaughter, as previously noted, is not so high as in most of the 12 cities.

Sheep and lambs.—In the six cities leading in the slaughter of sheep and lambs the interstate slaughter in 1916 amounted to 8,912,016 head, which was 73.2 per cent of the total interstate slaughter of sheep and lambs in the United States. The Big Five slaughtered 8,364,982 head of sheep and lambs in these six cities, or 93.9 per cent, leaving the interstate independents only 6.1 per cent in these important centers. Taking Chicago, Kansas City, and Omaha alone, the first three cities in slaughter of sheep and lambs, it is found that the Big Five controlled no less than 98.1 per cent, their proportion in Chicago being 96.5 per cent, in Omaha 100 per cent, and in Kansas City within a minor fraction of 100 per cent.

Swine.—The six cities which led in the slaughter of swine in 1916 were Chicago, Kansas City, St. Louis, Omaha, St. Joseph, and St. Paul, with 47.6 per cent of the interstate swine slaughter of the entire country. In the interstate slaughtering plants of these centers 20,012,199 head were slaughtered, the Big Five kill being 16,261,098 head or 81.3 per cent. This left the independent interstate slaughterers of these six cities only 18.7 per cent of the interstate swine slaughter in these centers of the trade. This percentage for the independents is almost the same as their percentage in the 12 cities of Table 14.

SLAUGHTERING CENTERS THAT THE BIG FIVE ENTIRELY CONTROL.—It will be noted from Table 14 that 8 of the 12 cities, so far as interstate slaughtering of cattle is concerned, are substantially 100 per cent Big Five (100 per cent or over 99 per cent). These eight, Kansas City, Omaha, Fort Worth, St. Joseph, St. Paul, Sioux City, Oklahoma City, and Denver, slaughtered 41.8 per cent of the cattle of the country slaughtered in that year by interstate companies.

With the exception of St. Joseph, the same cities were in the slaughter of calves also completely dominated by the big packers. These seven cities, Kansas City, Fort Worth, St. Paul, Oklahoma City, Omaha, Sioux City, and Denver, slaughtered 24 per cent of the calves entering interstate slaughter.

In the interstate slaughter of sheep and lambs 8 of the 12 cities were 100 per cent, or between 99 and 100 per cent. Big Five: Omaha, Kansas City, St. Joseph, Sioux City, Fort Worth, St. Paul, Oklahoma City, and Denver. These cities slaughtered 36.7 per cent of the sheep and lambs entering interstate slaughter.

In the interstate slaughter of swine, 6 of the 12 cities were as completely dominated by the Big Five: Omaha, St. Joseph, Sioux City, Fort Worth, Oklahoma City, and Denver. These six cities slaughtered 18.4 per cent of the swine of the country killed by interstate slaughterers.

Section 8.—The growth of the control of slaughter.

The facts set forth in the foregoing sections show marked concentration of control of the slaughtering business. It is in addition important to understand something of the rate of growth by which the big packers reached their present power.

GROWTH IN NUMBER OF SLAUGHTERING PLANTS.—Since in the early period of packer growth comparable statistics of their growth in the number and proportion of live stock slaughtered are difficult or impossible to secure, it is necessary to take the mere records of the building or acquisition of plants as the best available measure of their growth in the formative years of their business. The following table shows these accretions, by decades, so far as an incomplete survey of the packers' records supplemented by previous Government investigations have revealed them. The number of plants thus built or acquired furnishes no index of the plants of independents which may have been put out of business by the competition of these packers, not being large enough or favorably enough situated to make it worth their while to take them over.

TABLE 15.—*Big Five slaughtering plants—Number known to have been built or acquired, by decades, and cumulatively, with index number based on first decade.*

	Number of plants— In decade.	Number of plants— Cumulative.	Index number.
1857 (in existence)	1		
1858–1867	3	4	100
1868–1877	1	5	125
1878–1887	2	7	175
1888–1897	13	20	500
1898–1907	37	57	1,425
1908–1917	34	91	2,275
Total known built or acquired 1857–1917	91	91	

This table shows that the Big Five, or the earlier corporate or partnership organization controlled by the same interests, starting with one plant in 1857—that of Schwarzschild & Sulzberger in New York City—have since then built or acquired 90 known plants. Taking the number of slaughtering plants controlled by them in 1867 as a base, it appears that in the next 20 years these had increased to only one and three-quarters times this basic number. By 1897, however, having operated a secret pool the greater part of the preceding 10 years, they had increased their plants to five times the number they had in 1867. By 1907, when the National Packing Co. was in full swing, their slaughtering plants had reached 14¼ times, and by 1917 it was 22¾ times the basic number of 1867. Because of the widely varying capacity of the plants, these figures give only the crudest sort of measure of actual increase in importance in the industry.

To indicate the relative growth of the different decades in terms of the increase of each over the previous one, the following percentages of increase in number of plants are given:

	Per cent increase.
1868–1877 over previous decade	25
1878–1887 over previous decade	40
1888–1897 over previous decade	186
1898–1907 over previous decade	185
1908–1917 over precious decade	60

This shows that the decades of most rapid growth in number of plants built or acquired were 1888–1897 and 1898–1907. These were notable periods in the formation of the combination. It is significant, however, that in the last period, 1908–1917, they added 34 slaughtering plants to their list, bringing their total up to 91, which is 59 per cent more than the 57 they possessed in 1907.

In the past four or five years there are indications that the Big Five are turning their attention more toward securing smaller plants scattered over the country nearer the sources of live-stock production. These scattered plants give them the advantage of competing close at hand with local packers, both in the purchase of animals and the sale of products, and tend to take from the smaller independent packer part of the advantage which his small overhead expense and his small freight on live stock and on meat products have hitherto given him in his near-by market.

INCREASE IN CATTLE SLAUGHTERED BY SWIFT, ARMOUR, AND MORRIS INTERESTS, 1898–1916.—The first available statistical data on the growth of the big packers in the number of animals slaughtered are based on the cattle slaughter of Swift, Armour, and Morris interests from 1898 to 1903, which the Bureau of Animal Industry furnished to the Bureau of Corporations in connection with the investigation of the beef industry by the Commissioner of Corporations in 1904. These figures, which cover calendar years, are compared with the cattle slaughter of these same interests in the calendar year 1916, as reported by the packers to the Federal Trade Commission. The table follows, the numbers of cattle being shown, with percentages of increase over 1898 as a base:

TABLE 16.—*Swift, Armour, and Morris cattle slaughter—Number of cattle slaughtered, 1898–1903*[1] *compared with 1916, calendar years, with ratio of increase based on 1898.*

Year.	Head slaughtered.	Per cent increase over 1898.
1898	2,580,695	
1899	2,818,424	9
1900	2,996,798	16
1901	3,255,591	26
1902	3,261,085	26
1903	3,594,760	39
1916	5,157,830	100

[1] Figures for years 1898–1903 furnished by the Bureau of Animal Industry to Bureau of Corporations.

The increase in cattle slaughter shown by this table for the three chief packers of the country during the period covered is 100 per cent. In the 18 years they doubled their kill of cattle. Two-fifths of this marked increase came about between 1898 and 1903.

Caution should be observed not to compare the cattle slaughter of these companies in the years 1898–1903 with the total cattle slaughter in federally inspected establishments for the same years. To-day Federal inspection extends to all plants whose meat products go into interstate commerce, but prior to 1907 inspection of such plants was

not compulsory. Thus the number of establishments having inspection in 1906 was only 163, but the next year when the law became effective it jumped to 708. In the years from 1898 to 1903 the number of inspected establishments ranged from 135 to 157.

INCREASE IN BIG FIVE PROPORTION OF TOTAL INTERSTATE SLAUGHTER, JULY 1, 1907, TO JUNE 30, 1917.—The Bureau of Animal Industry of the United States Department of Agriculture, under the act of June 30, 1906 (34 U. S. Stats. at L., pt. 1, p. 674), requiring Federal inspection of all animals slaughtered for interstate commerce, makes record of the number of animals slaughtered in establishments whose products enter interstate trade. By the courtesy of the bureau the Commission was given access to its early records and compiled the figures of slaughter by the Big Five and their then subsidiary and affiliated companies (see Exhibit IX) for the fiscal year from July 1, 1907, to June 30, 1908. These have been placed against the total federally inspected slaughter for that year to show the proportion controlled by the Big Five at that period. Similarly the Bureau of Animal Industry records were used to compile the proportion of the Big Five slaughter in the fiscal year ending June 30, 1917. Thus is found an entirely comparable measure of growth in control within the last nine-year period.

Three tables follow. The first shows the proportion of Big Five slaughter of cattle, calves, sheep, and swine in 1907–1908; the second, the corresponding figures in 1916–17; the third brings together conveniently the percentages of Big Five control for the two periods.

TABLE 17.—*Interstate slaughterers—Big Five proportion of number of head slaughtered, by kinds, July 1, 1907, to June 30, 1908.*[1]

[Compiled from data furnished by Bureau of Animal Industry.]

	Cattle.		Calves.		Sheep.		Swine.	
	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.
Big Five total	5,330,155	74.9	1,257,872	63.0	6,949,087	71.6	18,685,294	53.2
Swift interests	1,964,614	27.6	642,241	32.2	3,379,119	34.8	7,947,744	22.5
Armour interests	1,426,871	20.1	293,052	14.7	1,448,198	14.9	5,530,348	15.8
Morris interests	821,790	11.5	157,648	7.9	819,763	8.5	2,005,382	5.7
Wilson & Co., Inc	648,341	9.1	89,043	4.4	784,125	8.1	1,216,238	3.5
Cudahy Packing Co.	468,539	6.6	75,888	3.8	517,882	5.3	1,985,582	5.7
All other	1,786,120	25.1	737,615	37.0	2,753,458	28.4	16,427,783	46.8
Total interstate slaughterers	7,116,275	100.0	1,995,487	100.0	9,702,545	100.0	35,113,077	100.0

[1] Plants controlled in 1907–08 by the National Packing Co. are distributed to the companies which subsequently acquired them: Swift & Co., Armour & Co., and Morris & Co. See Exhibit IX.

TABLE 18.—*Interstate slaughterers—Big Five proportion of number of head slaughtered, by kinds, July 1, 1916, to June 30, 1917.*[1]

[Compiled from data furnished by Bureau of Animal Industry.]

	Cattle.		Calves.		Sheep.		Swine.	
	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.	Head.	Per cent.
Big Five total	7,515,971	80.8	1,971,232	73.6	9,818,801	86.6	24,213,754	60.2
Swift interests	2,570,529	27.6	936,543	34.9	4,193,184	37.0	9,868,018	24.5
Armour interests	2,055,452	22.1	482,295	18.0	2,480,437	21.9	7,080,719	17.6
Morris interests	1,337,829	14.4	240,667	9.0	1,046,700	9.2	2,606,271	6.5
Wilson & Co., Inc	841,387	9.0	171,174	6.4	916,397	8.1	2,482,201	6.2
Cudahy Packing Co	710,774	7.7	140,553	5.3	1,182,083	10.4	2,176,545	5.4
All other	1,783,518	19.2	708,513	26.4	1,524,617	13.4	15,997,093	39.8
Total interstate slaughterers	9,299,489	100.0	2,679,745	100.0	11,343,418	100.0	40,210,847	100.0

[1] The figures in this table for slaughter in the fiscal year ending June 30, 1917, as reported to the Bureau of Markets, are comparable, as stated, with those in Table 17, giving corresponding data nine years earlier. It will be noted, however, that the totals reported to the Bureau of Animal Industry for the year ending June 30, 1917, are quite different from those reported to the Commission for the calendar year 1916 and shown in Table 1 (p. 106). The difference of six months in the period covered, and the seasonal difference due to taking another part of the year, explain the variation in the numbers slaughtered. The proportion of control is also different.

TABLE 19.—*Interstate slaughterers—Comparison of Big Five proportions of number of head slaughtered, 1907–08 and 1916–17.*

[Based on Tables 17 and 18.]

	Cattle.		Calves.		Sheep.		Swine.	
	1907–8	1916–17	1907–8	1916–17	1907–8	1916–17	1907–8	1916–17
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Big Five, total	74.9	80.8	63.0	73.6	71.6	86.6	53.2	60.2
Swift interests	27.6	27.6	32.2	34.9	34.8	37.0	22.5	24.5
Armour interests	20.1	22.1	14.7	18.0	14.9	21.9	15.8	17.6
Morris interests	11.5	14.4	7.9	9.0	8.5	9.2	5.7	6.5
Wilson & Co., Inc	9.1	9.0	4.4	6.4	8.1	8.1	3.5	6.2
Cudahy Packing Co	6.6	7.7	3.8	5.3	5.3	10.4	5.7	5.4
All other	25.1	19.2	37.0	26.4	28.4	13.4	46.8	39.8
Total, interstate slaughterers	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The percentages in Table 19 are significant of the marked growth of the big packers during these nine years. The slaughter by the Big Five in 1907–8 amounted to very large absolute numbers—5,330,155 head of cattle for example—and this increased to 7,515,971 head in the nine years.

More important than their increase in absolute number of animals slaughtered, is the marked increase in their proportion of the total. An earlier table (Table 15, p. 126) shows that in the 10 years 1908–1917, inclusive, they built or acquired 34 slaughtering plants, a gain of 60 per cent in number of plants, over 1907. The present

table shows what this gain in plants meant in terms of increased proportion of interstate slaughter of live stock. From 74.9 per cent of the interstate cattle slaughter in 1907–8 they grew to 80.8 per cent in 1916–17; from 63 per cent in calves, to 73.6 per cent; from 71.6 per cent in sheep and lambs to 86.6 per cent, a gain of striking degree; finally from 53.2 per cent in swine they grew to 60.2 per cent.

This increase by the Big Five meant, for the independents, a falling off from the independent proportion of 25.1 per cent of the cattle in 1907–8 to only 19.2 per cent in 1916–17; from 37 per cent in calves to 26.4 per cent, from 28.4 per cent in sheep to only 13.4; and in swine, the chief reliance of the independents, from 46.8 per cent to 39.8 per cent. Put in another way the independents in 1916–17 find their proportion of interstate slaughter in cattle cut down by over one-fifth in the nine years; in calves they find it cut down by nearly three-tenths; in sheep and lambs cut down by over half; in swine cut down by more than one-seventh.

These facts indicate a rapid progress by the Big Five in perfecting their control. It has been noted above that many of the 34 plants acquired in recent years were rather small ones situated near the sources of production and in the local territory of independents. The number of their plants increased 60 per cent while their slaughter increased 41 per cent in cattle, 56 per cent in calves, 41 per cent in sheep, and 29 per cent in hogs. This indicates that the average capacity of the plants acquired was considerably smaller than the average for the plants they had in 1907.

Section 9.—Proportion of control of stockyards by the Big Five.

Tables 20 and 21, given below, show the importance of the Big Five in the ownership of the stockyards of the country. The effect of this ownership of yards in aiding packer dominance of the marketing of live stock in these yards is treated in Part III of the report.

These tables show for the year 1916 (1) the total receipts, and (2) the receipts and shipments of each kind of animal for all yards of the country, and for all yards controlled by the Big Five, with their proportion of the total.

As a basis of comparison with the statistical data commonly given on stock yards, receipts are given separately. Since, however, an income is derived from outshipments as well as inshipments the total of receipts and shipments is given in the tables. The percentages of control for the Big Five on the two bases do not differ greatly.

The first table excludes Chicago, since it has not been established that the big packers control a majority of the capital stock of the Chicago Stock Yards Co., which guarantees the dividends and absorbs the surplus earnings of the New Jersey holding company that owns the companies operating the yards.

The second table includes Chicago, because it is clear that the big packers have exerted a dominating influence on the policy of this yards almost continually since 1891. For years they were represented on the boards of directors of the yard companies, and have shared in the profits through the receipt of bonds. In addition, it has been ascertained that Armour & Co. owns 19.4 per cent of the "bearer warrants" representing the stock of the Chicago Stock Yards Co.

TABLE 20.—*Stockyards—Proportion of receipts and of receipts and shipments of live stock at yards controlled by the Big Five (excluding Chicago) to the totals at all yards in the United States, by kinds of animal, 1916, calendar year.*

	Receipts.			Receipts and shipments.		
	All yards, head.	Big Five yards.		All yards, head.	Big Five yards.	
		Head.	Per cent.		Head.	Per cent.
Cattle	15,027,483	9,757,350	64.9	21,224,611	14,192,503	66.9
Calves	2,743,435	1,640,960	59.8	3,104,485	1,891,694	60.9
Sheep	20,616,010	11,816,823	57.3	29,450,347	17,365,644	59.0
Swine	43,304,956	23,012,652	53.1	50,814,128	26,186,969	51.5
Horses and mules	1,366,901	951,248	69.6	2,048,939	1,339,843	65.4
Total, all animals	83,058,785	47,179,033	56.8	106,642,505	60,976,673	57.2

TABLE 21.—*Stockyards—Proportion of receipts and of receipts and shipments of live stock at yards controlled by the Big Five (including Chicago) to the totals at all yards in the United States, by kinds of animal, 1916, calendar year.*

	Receipts.			Receipts and shipments.		
	All yards, head.	Big Five yards.		All yards, head.	Big Five yards.	
		Head.	Per cent.		Head.	Per cent.
Cattle	15,027,483	12,487,526	83.1	21,224,611	17,624,351	83.0
Calves	2,743,435	2,160,584	78.8	3,104,485	2,435,863	78.5
Sheep	20,616,010	16,107,847	78.1	29,450,347	22,486,073	76.4
Swine	43,304,956	32,200,876	74.4	50,814,123	36,779,940	72.4
Horses and mules	1,366,901	1,156,697	84.6	2,048,939	1,738,582	84.9
Total, all animals	83,058,785	64,113,530	77.2	106,642,505	81,064,809	76.0

Excluding Chicago, the yards whose control by the Big Five through majority stock ownership is definitely established handle approximately two-thirds of the cattle handled by all yards, from 50 to 60 per cent of the other meat animals, and 57 per cent of all animals including horses and mules. If the Chicago yards are included as dominated by the big packers these percentages are 83 per cent for cattle, approximately three-fourths for the other meat animals, and 76 per cent for all animals including horses and mules.

The effects of this high percentage of control in the stockyards of the country will be treated at length in Part III. In that Part will also be given a detailed statement of the evidence as to the control of the Chicago yards.

Section 10.—Acquisition of stockyards by the Big Five.

A comprehensive survey of the acquisition of stockyards by the Big Five is difficult, due to the fact that the records bearing on the subject are incomplete and throw little light on many phases of this feature in the industrial expansion of the packers. Nevertheless sufficient material is available to make clear the main features of the development, which may be set down as follows:

(1) The original elements that were identified with the formation of stockyards companies in the early years, such as outside investors and railway companies, have gradually been forced out as dominating factors both in the ownership and the management of most of the important stockyards, and have been replaced by the packers. These changes in control have been brought about either single handed by one packer or jointly with some other member of the Big Five.

(2) The dominating rôle that the five packers play at present in the leading stockyards of the country, both as shareholders and as a managerial factor, is the result of a policy which arose as early as the latter part of the eighties in the last century. At first invited and offered inducements to establish plants at the yards, the packers soon saw that they could use their growing potency in the slaughtering business to secure control of the yards companies. Their business at that time sufficiently mobile to be removed to other yards could be used like the "traffic club" by which in the days of open rebates industrial companies forced favorable private rates from the railroads.

Over and above the bonuses granted to them in the form of real estate, cash payments, bonds, or donations of plants, the packers, therefore, began to demand an increasing share in the ownership of the stockyards and also in the management of their affairs. Stockyards being an empty investment without the packers to make a market the response was quick, and concessions of this nature were liberally granted to them.

Through subsequent stock dividends declared by the stockyard companies, or in a few cases through cash subscriptions, generally far below par, the packers increased their holdings in the stockyards until they have become the most influential factor in the control of these market places in which the bulk of the live stock is sold.

Sometimes there was resort to a complete reorganization of a company in order that the packers might gain a controlling or dominating power in the yards.

(3) The expansion of the packers' interests into the stockyards is generally a close concomitant of the spread of their slaughtering establishments over the country. They acquire an interest in a stockyard either preparatory to, simultaneously with, or soon after the establishment of a plant there. They seldom identify themselves with a stock yard if they have no slaughtering establishment.

(4) Cases of joint ownership between packers with an equal percentage of the yards company stock are found only in stockyards of recent acquisition, not in those the formation of which took place in earlier years. The most typical form of ownership or control of the stockyards is the preponderance of one packer's interests over those of one or more of the other members of the Big Five.

While in the few cases on which data are available there are evidences of marked dissatisfaction among the packers so long as the ownership and the management of the yards was in the hands of nonpacker interests, this dissatisfaction disappeared as soon as control was acquired by any one of their number.

(5) The stockyards that have been built up in recent years owe their existence in most cases to big packers; otherwise they do not attain importance as live-stock markets. This condition evidently deters the independent investor, and the creation and the management of live-stock markets thus falls entirely to the arbitrary judgment of the big packers.

The five lines of development in the packer control of stockyards which have here been summarized can be traced in detail in the specific accounts in Part III of the report, which shows how and when the packers acquired their interests in the yards companies. In the present part some items of the stockyards history of the Big Five are given in Table 62 in Chaper VI, and the yards in which they are now interested are shown in the various lists of Table 65, pp. 290 to 324.

Section 11.—Private cars and control of Big Five over refrigerator transit of beef.

The subject of private cars in relation to the transportation of live stock and of food products is treated in a separate report of the series of reports on the food investigation. Reference is made to that report for detailed discussion of the extent of packer control of private cars used for transporting live stock, beef, and meats generally, and such other perishable and nonperishable foods as are handled in private cars. It is sufficient here to give a brief statement of some of the more important facts developed in the private-car report.

At the present time the bulk of cars privately owned are special equipment cars, either refrigerator or oil-tank cars. Of the two types of refrigerator cars, the beef car is used for the shipment of meats and the ventilator refrigerator is used in the fruit and vegetable traffic. The beef car is somewhat different in construction from the refrigerator used in fruit and vegetable shipments in that it is equipped with ice tanks instead of bunkers; the roof of the beef car is also more strongly constructed than that of the ventilator refrigerator and is equipped with beef rails from which the beef is sus-

pended from hooks. Crushed ice mixed with salt is put into the tanks, in order that the temperature may be lowered below the point possible where ice alone is used. Fruit and vegetables do not require such a low temperature and therefore block ice in the bunkers is used without salt. Almost all the privately-owned oil cars are used for carrying petroleum and its products, but some are used in the packing business for transporting animal oils, greases, tallow, and similar products that had been transported in barrels before the tank car came into use. In addition to the cars already mentioned, there are other classes of equipment used in the meat business, most important of which are the stock cars. A few box, flat, and gondola cars are owned by packers principally for repair and yard work.

Comparison of the refrigerator cars owned by the Big Five packers and by independents is shown by the following table:

TABLE 22.—*Beef refrigerator and ventilator refrigerator cars of interstate slaughterers—Big Five proportion of number, Dec. 31, 1917.*

	Beef (brine tank and beef rail).		Ventilator (ice bunker).		Total refrigerator.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Big Five	15,454	93	1,600 [1] 5,660	20 71	22,714	92
All other	1,146	7	732	9	1,878	
Total, interstate slaughterers	16,600	100	7,992	100	24,592	100

[1] Cars of Fruit Growers' Express (Inc.) But few of these cars are used for the shipment of packing-house products.

Of the 24,592 refrigerator cars owned by interstate slaughterers, 22,714, or 92 per cent, are owned by the Big Five. Of cars really suitable for beef, 93 per cent are owned by the Big Five.

It will be noted that, exclusive of the cars of the Fruit Growers' Express, Inc., which are used for the transportation of fruits and vegetables and seldom to transport animal-food products, the Big Five packing companies own only twice as many ventilator-refrigerator cars as the independent companies. This may be explained on several grounds. In the first place, a larger percentage of the business carried on by the smaller packing companies is in the shipment of provisions and packing-house products for which this car is suited. Also this type of car is somewhat cheaper than the brine-tank car and may be used for fresh-meat shipments under favorable conditions during continued cold weather. The Big Five packing companies in shipping provisions and packing-house products utilize to a large extent their beef cars, often shipping their provisions in the same car in which a load of fresh beef is transported. Both the Big Five packing companies and the independent packing companies, however, depend to some extent on the railroads for this kind of car.

In addition to cars owned by the Fruit Growers' Express, Inc., there are several companies, independent of railroads, known as private car companies, who are not connected with the packers and whose business consists of renting cars to railroads or to shippers either for single trips or for varying periods of time. Although the refrigerator cars owned by these companies are mostly of the ventilator-refrigerator type, a considerable number are rented to packing concerns. These private car lines not affiliated with railroads, packers, or shippers also own over 14,000 stock cars. The total number of refrigerator cars owned by them is 6,278, of which only 275 are brine-tank beef cars.

In addition to the above-named clasess of concerns owning private cars there are five companies, wholly owned by railroads, which are organized primarily to furnish refrigerator cars to the railroads for the handling of miscellaneous perishable freight. These are the American Refrigerator Transit Line (owned by the Wabash and the Missouri Pacific railroads); the Frisco Refrigerator Line (St. Louis-San Francisco railroad); Pacific Fruit Express Co. (Union Pacific and Southern Pacific); Santa Fe Refrigerator Despatch Co. (Atchison, Topeka & Santa Fe); and Chicago, New York & Boston Refrigerator Co. (Grand Trunk). These five railroad-owned operating companies own no brine tank beef refrigerator cars, all their cars being of the ventilator-refrigerator type, though a few of these are equipped with beef rails and are suitable for the shipment of beef during only part of the year. The railroads of the country own a large number of ventilator-refrigerator cars, but do not have any brine-tank cars suitable for beef shipments.

The following tables show the total beef refrigerator and ventilator-refrigerator cars in the United States and the proportion owned by the Big Five:

TABLE 23.—*Beef refrigerator and ventilator-refrigerator cars—total number in the United States, by classes of ownership, Dec. 31, 1917.*

Kind of car.	Interstate slaughterers.			Private car companies.	Railroad interests.			Total.
	Big Five.	All other.	Total.		Railroad-owned operating companies.	Railroads.	Total.	
Beef	15,454	1,146	16,600	275	....	....	....	16,875
Ventilator refrigerator	[1] 7,260	732	7,992	[2] 6,003	[3] 32,137	54,273	86,410	100,405
Total	22,714	1,878	24,592	6,278	32,137	51,273	86,410	117,280

[1] Includes 5,660 cars of the Fruit Growers' Express, Inc., which is owned by the stockholders of Armour & Co.
[2] Excludes 5,660 cars of the Fruit Growers' Express, Inc.
[3] Includes 3,922 ventilator-refrigerator cars which are equipped with beef rails, but do not appear to be used for shipments of dressed beef.

TABLE 24.—*Beef refrigerator and ventilator-refrigerator cars—Big Five proportion of total number in the United States, Dec. 31, 1917.*

Group.	Beef.	Ventilator refrigerator.	Total refrigerator.
	Per cent.	*Per cent.*	*Per cent.*
Big Five	91	7	19
Other interstate slaughterers	7	1	2
Other private car companies	2	6	5
Railroad interests		86	74
Total	100	100	100
Railroad-owned operating companies		32	28
Railroads		54	46

One of the most significant facts to be noted in the tables presented is that of all the beef refrigerator cars in the United States, 91 per cent are owned by the Big Five packers. Of beef cars that are owned by packing companies, the Big Five, as shown in Table 22, own 93 per cent. A few beef cars are owned by private car companies and leased to packing concerns. The railroads themselves own no beef cars and have therefore no facilities for caring for the fresh beef traffic in their own equipment, but must depend upon the originator of that traffic for adequate cars.

STOCK CARS.—As to stock cars, the railroads own the largest proportion of those in use, having 85 per cent. Two of the Big Five packers own together only 2 per cent. These are employed generally in shuttle movements from country buying stations to stock yards. Private car companies are finding the business of owning stock cars less profitable than formerly and are therefore either selling out or leasing their equipment to railroads on long term leases. The railroads are building adequate stock cars and for these reasons the importance of stock car companies as part of the country's transportation facilities is declining. It may, therefore, be said that the railroads of the country still maintain their ability to handle live stock shipments in their own equipment and are not dependent upon any other company for transportation facilities for this traffic.

POOL OF CARS FOR HANDLING PERISHABLE TRAFFIC.—At the present time 54 per cent of the refrigerator cars (beef and ventilator-refrigerator) in the United States are operated separately from railroad equipment. By organizing departments in the nature of separately incorporated companies for the proper handling of perishable freight, the railroads have effected economy and efficiency in the use of this type of specialized car. For by so doing they have been able adequately to care for the traffic with fewer cars than would be necessary were they operated as railroad equipment subject to exchange, diversion, and other delays. This practice and situation would seem to indicate that arrangements in the nature of a car pool for this type of car had been found by experience to be the most efficient, both by

the railroads and by the packers, and would point to the desirability of operating this service as a unit through a specialized administrative division.

Section 12.—Development of private cars and private car lines of the Big Five packers.

EFFECTS OF REFRIGERATOR CAR IN CONCENTRATING CONTROL OF THE PACKING INDUSTRY.—For a complete view of the changes produced in the meat-packing industry by the refrigerator car, the conditions which prevailed in that industry before fresh meat could be preserved mechanically in transit should be considered. The ice box and the refrigerator room now common to every butcher shop are of comparatively recent development. Before the period of experimentation with refrigerator cars the means of preserving meat, common in recent years, were not in use, and even those which were, performed their function indifferently. There were no facilities for preserving fresh meat in the locality where the animals were slaughtered, much less for transporting it any distance. Therefore, unless the public would satisfy itself with cured or tinned meats, concentration of the packing industry was impossible. The only market which any slaughtering house could maintain was within the radius covered by delivery wagons or fast express, by which the meat product could be delivered before spoiling. Therefore, as population spread, new and more widely separated plants were needed.

The principal cattle markets of the country had gradually spread to the West, until Chicago became the largest. Into this city was shipped the live stock of the western plains. But Chicago was not, at this stage, the great packing center that it is to-day; the largest market, composed of the mass of the meat-consuming population, was in the East. Thus, plants which were situated at Chicago supplied a local trade there, similar to other plants farther east. The live animals were, therefore, shipped from Chicago to the eastern seaboard and butchered where the population was most dense.

Occasionally during the winter a shipment of frozen beef would be sent for a considerable distance in a box car, the sender trusting that a change of temperature sufficient to cause spoilage would not occur before its destination was reached. Such a practice, however, was necessarily restricted to a small part of the year, and even in the coldest weather could not become general—the risk was too high, the loss too great.

By 1880 the refrigerator car had fully demonstrated its worth as a practical conveyance for perishable products. Although it was not yet in universal use, it was coming to be considered practical. Credit for first recognizing the inherent possibilities of this type

cars; this included the cars of the Continental Fruit Express. Most of these cars, he said, were "refrigerators," and roughly speaking, 8,000 were fruit cars and 6,000 packing-house cars, the latter figure including 100 to 200 stock cars, about 125 tank cars, and a few box cars. The company had leased about 200 or 300 cars to breweries or other shippers, this number being included in the 14,000 already mentioned. These leased cars were mostly old equipment.

Of the cars of Swift & Co., by far the greater part are of the refrigerator type. Of those of the National Packing Co. about 2,000 are "refrigerators" and about 200 of miscellaneous construction.

With the exception of Armour & Co. and Swift & Co.,[1] the cars of the various concerns mentioned are not extensively employed in the fruit trade. Of those used in the packing-house business proper, only a portion are engaged in the transportation of dressed beef; the exact division can not be stated.

Changes in company organization of private car lines since 1905.— Since the publication of the aforementioned report a number of changes have occurred within the industry affecting the ownership of cars. The National Manufacturing Co., which is controlled by Swift & Co., operates a live-stock line of 1,581 cars. These cars are mainly used to transport hogs from the various concentration points in the Middle West to the New England plants. The National Manufacturing Co. absorbed the Western Live Stock Express Co. on June 30, 1917, which company had some years previously absorbed the Eastern Live Stock Express. The cars of these two companies are included in the number given for the National Manufacturing Co.

At the time of the Garfield report the Armour Car Lines operated all cars in any way connected with the Armour interests. At the time of the Interstate Commerce Commission's hearing of 1912–1914, F. W. Ellis, President of the Armour Car Lines refused to answer certain questions, claiming that a car line was not a common carrier and therefore was not under the jurisdiction of the Interstate Commerce Commission. This precipitated the case generally referred to as the Ellis case (Ellis *v.* I. C. C., 237 U. S., 434). In this case the Supreme Court sustained the Ellis contention to the effect that a car line was not a common carrier and therefore the financial organization was without the jurisdiction of the Interstate Commerce Commission. The court did, however, require him to answer those questions which related to the operation of the cars while on the lines of a common carrier.

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[1] A very large proportion of the cars of Swift & Co. are used in the company's packing-house business.

Apparently to avoid further difficulty with the Interstate Commerce Commission, and more clearly to establish their identity, the Armour Car Lines underwent a reorganization in 1914. All cars used in the packing-house business were turned over to Armour & Co. as shippers. These cars have since been operated by the car department of that company. The cars used in the fruit and vegetable traffic were sold to a company incorporated under the name of the Fruit Growers Express (Inc.) November 5, 1914. The stock of this company is held by the stockholders of Armour & Co., each in the same proportion as his individual holdings in Armour & Co.

The Continental Fruit Express is no longer in existence, all its cars having been turned over to the Fruit Growers Express, Inc. The ice houses, icing platforms, and all other appurtenances used for the icing of meat cars in transit previously owned by the Armour Car Lines were turned over to still another company incorporated November 2, 1914, known as the Utility Operating and Supply Co.; those used for icing fruit and vegetable cars were turned over with fruit cars to the Fruit Growers Express, Inc.

When the National Packing Co. was dissolved by order of court in August, 1912, the cars belonging to its subsidiary, the National Car Line Co., were divided among Swift & Co., Armour & Co., and Morris & Co., in the following proportion: Swift & Co., 46.7 per cent; Armour & Co., 40.11 per cent; Morris & Co., 13.19 per cent.

In August, 1916, when Wilson & Co., Inc., was formed, a subsidiary of this new corporation, known as the Wilson Car Lines, took over the car companies formerly owned by Sulzberger & Sons Co. These were the Cold Blast Transportation Co. and the Lackawanna Live Stock Transportation Co.

There has been apparently no reorganization in the transportation arrangements of Morris & Co. and Cudahy Packing Co. The cars of these companies are operated by special departments of the business, not as separately incorporated car line companies.

Comparison of Big Five cars in 1904 and in 1917.—The Big Five packers in 1904 owned a few more cars than they now do, the totals for two periods being 25.887 in 1904, and 25,850 in 1917.

All the companies except Armour & Co. increased the number of their cars—Swift and Morris increasing 25 per cent, Cudahy 45 per cent, and Wilson, formerly Schwarzschild & Sulzberger Co., increasing 65 per cent—but Armour & Co. fell off to the extent of over 3,600 cars, offsetting the gains of the others.

The numbers of cars in the two periods and the companies owning them are shown in the accompanying table in detail.

TABLE 26.—*Private cars—Comparison of number owned by Big Five, 1904, and December 31, 1917.*

Company and subsidiary, 1904.	Number in 1904.			Company and subsidiary, 1917.	Number in 1917.		
	Refrigerator and miscellaneous.	Stock.	Total.		Refrigerator and miscellaneous.	Stock.	Total.
Armour & Co.			[1]14,555	Armour & Co.			10,925
Armour Car Lines	12,029			Armour & Co. (car department)	5,199		
Continental Fruit Express	1,645			Fruit Growers Express, Inc	5,660		
				Pittsburgh Provision & Packing Co.	11		
				Armstrong Packing Co.	25		
Swift & Co.			[2]6,903	Swift & Co.			8,628
Swift Refrigerator Transportation Co.	5,473			Swift Refrigerator Transportation Co.	6,832		
Swift Live Stock Transportation Co.		404		Swift Live Stock Transportation Co.		109	
				National Manufacturing Co.		1,581	
				Libby, McNeil & Libby	96		
				Western Meat Co.	6		
				Union Meat Co.	4		
Nelson Morris & Co.	1,469	400	[3]2,159	Morris & Co.	2,731		2,731
Schwarzschild & Sulzberger Co.			1,270	Wilson & Co., Inc.			2,112
Cold Blast Transportation Co.	1,020			Wilson Car Lines	1,686		
Lackawanna Live Stock Co.		250		Do.		280	
				T. M. Sinclair & Co. (Ltd.)	138		
				Morton-Gregson Co.	8		
Cudahy Packing Co.	1,000		1,000	Cudahy Packing Co.	1,454		1,454
Total	22,636	1,054	25,887	Total	23,880	1,970	25,850

[1] Including 881 cars (Armour & Co. proportion 40.11 per cent) of the National Packing Co. dissolved 1912.
[2] Including 1,026 cars (Swift & Co. proportion 46.70 per cent) of the National Packing Co.
[3] Including 290 cars (Morris & Co. proportion 13.19 per cent) of the National Packing Co.

Section 13.—Extensive control of branch houses and "peddler car" routes.

Quite as important as the control of refrigerator beef cars is the very extensive branch-house system of the five big packers. This system of branch houses affords them a very large market in which to dispose of their commodities. Not only are large numbers of these branch houses maintained, but the commodities handled by them are various and they are adapted to the rapid development of trade in any new line of foods that the packers elect to take up.

The branch houses, which are located in the cities and large towns, are supplemented by a wide reaching "peddler car" service, which consists of refrigerator cars loaded with meats and provisions and operating over what are known as car routes. These peddler cars are in effect miniature branch houses on wheels, reaching thousands of small communities where trade is not sufficient to justify the investment in a branch house. The cars operate over established routes, usually starting at a packing plant, though sometimes at a branch house. A development of the car-route idea has been made by Armour & Co. in the establishment of an autotruck distribution

service, which loads at the branch houses and reaches a wide radius of surrounding towns.

NUMBER OF BRANCH HOUSES AND CAR ROUTES.—The number of branch houses owned by the Big Five and by all other interstate slaughterers is shown in the following table. Swift leads with 367, Armour has 363, and the total for the Big Five is 1,120, or 89 per cent, against only 139, or 11 per cent, for the independents. The advantages of the Big Five in marketing by car routes are about the same, for they operate nearly 1,300 car routes, while independents operate only 141. The table also shows these car routes and the thousands of towns that the Big Five cover by this means. The figures of Big Five car routes include only the parent companies and their acknowledged subsidiaries, and do not include car routes that may be operated by their affiliated interests.

TABLE 27.—*Domestic branch houses and car routes of interstate slaughterers—Big Five proportion of number of branch houses, 1916; and of number of car routes operated, with number of towns covered thereby, 1918.*[1]

	Branch houses.		Car routes.		
	Number.	Per cent.	Number.	Per cent.	Number of towns covered.
Big Five, total	1,120	89.0	1,297	90.2	[2] 58,012
Swift interests	367	29.2	484	33.7	23,376
Armour interests	363	28.8	197	13.7	[3] 21,516
Morris interests	154	12.2	229	15.9	4,019
Wilson & Co., Inc	121	9.6	187	13.0	1,903
Cudahy Packing Co	115	9.2	200	13.9	4,198
All other	139	11.0	[4] 141	9.8	1,507
Total interstate slaughterers	[5] 1,259	100.0	1,438	100.0	59,519

[1] Revision of table on p. 42 of Summary of Report, which included foreign branches and car routes. Number of branch houses is for close of year, 1916, or nearest corresponding fiscal year. The number of car routes is for June, 1918.
[2] Total includes many duplications because frequently the car route lists show the same town covered by more than one company.
[3] Includes 20,836 towns reached by Armour's truck sales. In addition Armour reaches 165 Canadian towns by trucks, making the total of his truck towns 21,001 and the total of truck and car route towns 24,681.
[4] Operated by 7 of the larger independent packers, the only ones known to operate car routes.
[5] Excludes 12 foreign branch houses, 3 of which belong to Big Five and 9 belong to all other interstate slaughterers.

The States of Kansas, Missouri, Kentucky, and Iowa are those in which the Big Five have the largest numbers of towns covered by car routes. The region in which their car routes are most extensive is in the live-stock producing and feeding region in the prairie States from Oklahoma northward; in the nine States of this region their routes (including duplications where two or more of the Five cover the same town) reach over 16,000 towns. Nearly 9,000 additional towns are thus reached in seven States next eastward—Wisconsin, Michigan, Ohio, Indiana, Kentucky, Tennessee, and Arkansas.

Of the 20,836 towns reached by Armour's autotruck system, about one-fourth are in the South Central States and one-fifth in the North

Central States. In New York State there are over 1,000 Armour truck towns; so also in Pennsylvania, and in West Virginia. In Texas there are nearly 1,600.

While the Big Five car-route system thus covers strategically an important small-town territory, their branch houses proper are still more adequate to reach the cities and large towns, especially in the East, where the urban population is greatest. Forty-five per cent of the Big Five branch houses are in the States of Pennsylvania, New Jersey, New York, and the New England States. In general, Big Five branch houses are less numerous in the territory where their car routes are most so.

Section 14.—Branch-house and car-route sales.

The branch-house and car-route sales of the Big Five are a very substantial proportion of their total sales. The following tables show for 1916 the total sales reported by the Big Five, their branch-house and car-route sales in relation to the total, and the ratio between branch-house sales and car-route sales. The investment of the Big Five in branch houses is treated in section 15, and their growth in the branch-house and car-route business is shown in section 16. Where the statistics are not comparable, or comparable data were not secured, the noncomparable items are omitted. The data cover only the parent companies and such of their acknowledged subsidiaries as are included on the books of the parent companies.

The first table gives the proportion of branch-house and car-route sales of the Big Five to their total sales in 1916, the proportion ranging from 44.6 for Wilson & Co., Inc., to 63.7 for Swift & Co. The total sales for the five, excluding the affiliated companies not shown on their books reached the figure of $1,595,709,000.[1]

TABLE 28.—*Proportion of branch-house and car-route sales to total sales of Big Five, 1916.*

Company.	Total.	Branch house and car route.	Per cent.
Swift & Co.	$575,000,000	$366,115,073	63.7
Armour & Co.	479,969,000	274,529,355	57.2
Morris & Co.	219,781,000	120,505,514	54.8
Wilson & Co., Inc.	186,998,000	83,317,086	44.6
Cudahy Packing Co.	133,961,000	84,328,292	62.9
Total	1,595,709,000	928,795,320	58.2

[1] In 1917, for which detailed data have not been secured, the total sales on the same basis went up to $2,127,245,000, as follows:

Swift	$871,276,000
Armour	577,366,000
Morris	268,792,000
Wilson	225,000,000
Cudahy	184,811,000
Total	2,127,245,000

This excludes sales by Armour's foreign slaughtering plants, which are understood to have amounted to about $300,000,000.

Branch-house and car-route sales of the Big Five, according to this table, were over $925,000,000 in 1916 and amounted to nearly three-fifths of their total business.

The relation of branch-house sales of the Big Five to their car-route sales appears from the following table, which shows that the car-route sales average only about 13 per cent in quantity and 14 per cent in value of the total of car routes and branch houses.

TABLE 29.—*Branch-house sales and car-route sales of the Big Five—Proportion in quantity and value to their total branch-house and car-route sales, 1916.*

Company.	Branch house.			
	Pounds.	Value.	Per cent.	
			Pounds.	Value.
Swift & Co.	[1] 2,179,614,749	[1] $308,141,017	84.2	84.2
Armour & Co.	[2] 2,002,180,216	[2] 255,665,954	93.5	93.1
Morris & Co.	[3]	97,613,613	....	81.0
Wilson & Co., Inc.	499,010,408	65,824,591	80.0	79.0
Cudahy Packing Co.	526,580,784	70,372,254	83.9	83.5
Total	[4] 5,207,386,157	797,617,429	87.0	85.9

Company.	Car route.			
	Pounds.	Value.	Per cent.	
			Pounds.	Value.
Swift & Co.	410,237,243	$57,974,056	15.8	15.8
Armour & Co.	139,524,297	18,863,401	6.5	6.9
Morris & Co.	[3]	22,891,901	....	19.0
Wilson & Co., Inc.	124,598,834	17,492,495	20.0	21.0
Cudahy Packing Co.	101,122,369	13,956,038	16.1	16.5
Total	[4] 775,482,743	131,177,891	13.0	14.1

Company.	Total branch house and car route.			
	Pounds.	Value.	Per cent.	
			Pounds.	Value.
Swift & Co.	[1] 2,589,851,992	[1] $366,115,073	100.0	100.0
Armour & Co.	[2] 2,141,704,513	[2] 274,529,355	100.0	100.0
Morris & Co.	[3]	120,505,514	....	100.0
Wilson & Co., Inc.	623,609,242	83,317,086	100.0	100.0
Cudahy Packing Co.	627,703,153	84,328,292	100.0	100.0
Total	[4] 5,982,868,900	928,795,320	100.0	100.0

[1] Includes Havana, Cuba, branch house: 1916, pounds, 37,142,186; value, $5,751,427.80.
[2] Includes Havana, Cuba, branch house: 1916, pounds, 144,496,380; value, $8,522,451.24.
[3] Not available.
[4] Excluding Morris & Co.

The nearly 6,000,000,000 pounds of commodities sold by the branch houses and the peddler cars of four of the five big packers would

probably be well over six and one-half billions if Morris's tonnage were added. This means that in 1916 the Big Five handled in these two channels of their domestic trade something like 65 pounds per capita for the entire population of continental United States. Swift & Co.'s share was about 25 pounds per capita, Armour & Co.'s 21, Morris & Co.'s 7, that of Wilson & Co., Inc., and of Cudahy Packing Co. each about 6.

On the basis of 41,752,530 as the estimated population in towns of 8,000 and over in 1916,[1] the Big Five tonnage would amount to about 156 pounds per capita of population living in towns of the size indicated.

Big Five proportion of total branch-house sales of fresh and cured meats.—The proportion of sales of fresh meat through branch houses by Big Five and by all other interstate slaughterers to the total branch-house sales has a significance somewhat different from the proportion either of the number of animals slaughtered (Table 1, p. 106) or of the live weight (Table 3, p. 109). This latter proportion, running from 13 to 37 per cent for the independents, does not furnish the degree of competition for the Big Five that might be expected from this percentage of slaughter if each independent secured interstate trade and entered markets in number proportionate to the size of his business.

Much of the trade of the "all other interstate" slaughterers is not interstate but local in character. This is particularly true in case of fresh meat. Relatively little of the independent's product is sold fresh in markets beyond the vicinity of his packing plant. Fresh meat requires either immediate disposal in the locality of its production or refrigerating equipment with highly specialized transportation facilities and sales organization, such as the branch house. Disposition of fresh products through wholesalers or commission men seems less satisfactory. While the independent interstate slaughterers in 1916 had a kill of cattle, calves, and sheep, from which most of the fresh meat is derived, representing 17.3 per cent of the total estimated live weight of these animals (see Table 3, p. 110), they sold through branch houses for the fiscal year most nearly corresponding to 1916 only 5.1 per cent of the total fresh meat sold through branch houses by interstate slaughterers. This is shown by the table below, which also gives a comparison of this character with respect to cured meats. Corresponding tables on branch-house sales of poultry and dairy products are given in a later chapter (p. 233).

[1] Census Bulletin, No. 138, Estimates of Population, Washington, 1918.

TABLE 30.—*Interstate slaughterers—Big Five proportion of branch-house sales of fresh and cured meat, 1916.*[1]

	Fresh meat.		Cured meat.		Fresh and cured meat.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
Big Five total	3,114,387,496	94.9	950,565,931	86.5	4,064,953,427	92.8
Swift interests	1,075,246,932	32.8	298,678,349	27.2	1,373,925,281	31.4
Armour interests	955,850,383	29.1	320,882,533	29.2	1,276,732,916	29.1
Morris interests	396,626,922	12.1	150,658,225	13.7	547,284,147	12.5
Wilson & Co., Inc	323,260,677	9.8	89,187,361	8.1	412,448,038	9.4
Cudahy Packing Co	363,403,582	11.1	91,159,463	8.3	454,563,045	10.4
All other	167,849,112	5.1	147,737,083	13.5	315,586,195	7.2
Total, interstate slaughterers	3,282,236,608	100.0	1,098,303,014	100.0	4,380,539,622	100.0

[1] The figures for Swift & Co. are for fiscal year closing Sept. 30, 1916; for Armour & Co., Morris & Co., and Cudahy Packing Co. for fiscal year ending Oct. 31, 1916; for Wilson & Co., Inc., for fiscal year ending Dec. 31, 1916.

Cured meat may be held for considerable periods of time, safely transported long distances without highly specialized equipment, and sold through agencies less highly organized or closely supervised than branch houses. Thus the independents, trusting mainly to sales of cured hog products, and in most cases not attempting to operate branch houses, have a much smaller percentage of cured meat sales through branch houses than their slaughter of animals would indicate. It is seen from the above table that this percentage in cured meat sales through branch houses is only 13.5 per cent, as against a slaughter percentage of live weight of all meat animals of 26.7 per cent (see Table 3, p. 110), and of swine, from which most of the cured meat is derived, of 36.7 per cent. Their percentage of branch house sales in fresh meat is relatively small because they lack the indispensable means for its wide disposal, and in cured meat somewhat larger, but still relatively small.

The small percentage of branch house sales of meat (fresh and cured) by independents, 7.2 per cent, is, therefore, as contrasted with their percentage of all animal slaughter based on estimated live weight, 26.7, a more accurate measure of their weakness under competition from the big packer who, selling in hundreds of markets, is in a position to wage war on any independent in his particular territory.

BIG FIVE PROPORTION OF CAR ROUTE SALES.—The four packers (Swift, Armour, Wilson, and Cudahy), as shown by Table 29, sold 775,482,743 pounds of commodities through their car routes in 1916. The car route sales of Morris & Co. were not reported in pounds, but estimating the pounds from the value (on the basis of the average value per pound for the other four companies) would indicate that Mor-

ris & Co.'s sales in this department were about 135,455,000 pounds. The total of Big Five car route sales in 1916 may therefore be estimated at approximately 910,937,000 pounds.

In the same year the independent packing companies known to operate car routes, being the seven companies operating the independent car routes included in Table 27, reported sales of 111,738,450 pounds.

The estimated total of car route sales by interstate slaughtering companies in 1916 was thus, roughly, 1,022,675,000 pounds, of which the Big Five proportion was about 89 per cent and that of the independents 11 per cent.

Section 15.—Big Five investment in branch houses.

The big packer investment in branch houses, as carried on their books for the year 1916,[1] is shown in Tables 31 and 32. The figures cover the parent companies and acknowledged subsidiaries carried on their books, but do not include the affiliated companies. With this limitation, the first of these tables embraces all domestic branch houses in the country as a whole, while the second gives the figures for six of the principal cities. Both show not only the investment but also the sales, as well as the book value of the investment per dollar of sales. Table 31 also shows the number of branch houses and the average investment per branch. Both tables give totals only, for the Big Five as a group and for the individual companies. In Table XVIII, Exhibit X, the classification of items entering into book value as shown in Table 31 is given under the heads of land, building, machinery, equipment, etc. In Table XIX, Exhibit XI, are shown the details of investment and sales for each branch in the six selected cities.

It must be pointed out in considering these tables that the investment figures for the different branch houses which enter into the totals given are not always strictly comparable. This arises from the fact that in some cases the given company owns the land on which the branch houses are located and in others it does not. Obviously, therefore, the item of investment in land is included in one case and not in the other.

The figures for investment are likewise not in all cases strictly comparable with those for sales, the data for investment and for sales having been combined from information furnished by the packers on these respective subjects separately. It will be observed by reference to Table XIX, in Exhibit XI, that for some branches figures for investment are given but none for sales, and vice versa. Doubtless in many of these cases the omission is apparent rather than real, and arises from the fact that the same branch house is some-

[1] Or the fiscal year of each company nearest to the calendar year.

times described in different ways, or referred to sometimes by name and sometimes by street and number; or that investment is shown for an adjunct of the branch house, such as a storage place from which no sales are made. In a few cases the omission is probably real, as where the branch being owned by a subsidiary, the figures of investment are not carried in detail on the parent company's books, though the sales figures are so carried.

On account of these difficulties and the consequent limitations on the comparability of the statistics a second set of totals is presented in both Table 31 and Table 32, which have been designated as "comparable totals." In computing these "comparable totals" the figures have been rejected for all branch houses where the reporting company does not own the land. Likewise the investment figures for a given branch house were rejected if it was not practicable to identify the corresponding sales figures, and similarly the sales figures were omitted if the corresponding figures for investment could not be identified. An intensive study would probably show that some of the rejections of the latter kind need not have been made. Thus even the "comparable totals" can not be taken as exact.

The average investment per branch, in Table 31, as computed from the larger noncomparable totals is only a rough representation of the average, since the number of branches, as given in the table, does not correspond exactly with the itemized figures of branch house investment.

TABLE 31.—*Domestic branch houses of Big Five—Book value, 1916,[1] with number of branches, value of investment per branch, value of sales, and investment per dollar of sales.*

("Comparable totals" represent total of investment and sales for branch houses where both land and buildings are owned.)

	Number of branches.	Investment.		Sales.	Investment per dollar of sales.
		Book value.[2]	Average per branch.		
Swift & Co.:					
Total[3]	367	$11,577,197.67	$31,545.50	$302,389,589.20	$0.038
Comparable total	151	8,037,319.93	53,227.28	133,279,538.65	.058
Armour & Co.:					
Total[3]	363	11,422,703.43	31,467.50	247,143,502.76	.046
Comparable total	185	8,451,396.33	45,683.22	138,958,827.64	.063
Morris & Co.:					
Total[3]	154	2,706,960.61	17,577.67	97,613,613.00	.028
Comparable total	45	1,369,956.35	30,443.47	29,208,085.31	.047
Wilson & Co., Inc.:					
Total[3]	121	2,200,000.45	18,181.82	65,824,591.00	.033
Comparable total	28	1,282,681.09	45,810.04	17,877,116.06	.072
Cudahy Packing Co.:					
Total[3]	115	[4] 2,368,688.33	20,597.29	70,372,254.00	.034
Comparable total	23	1,043,073.96	45,351.04	17,542,620.91	.059
Big Five:					
Total[3]	1,120	30,275,550.49	27,031.74	783,343,549.96	.039
Comparable total	432	20,184,427.66	46,723.21	336,866,188.57	.060

[1] Fiscal year of each company nearest to calendar year 1916.
[2] Not verified by Commission. A thorough audit might modify these figures.
[3] Number of branches does not correspond exactly with the itemized figures of branch house investment, consequently the average per branch is not exact but may be taken as a rough representation of the average.
[4] Elsewhere reported as $2,529,682.28 (p. 159).

Table 32.—*Domestic branch houses of Big Five, book value and sales, in six selected cities, and relation of investment to sales, 1916.*[1]

("Comparable totals" represent total of investment and sales for branch houses where both land and buildings are owned.)

	Boston.		New York district.[2]	
	Total.	Comparable total.	Total.	Comparable total.
Swift & Co.:				
Book value[3]	([4])	...	$1,048,178.92	$894,463.05
Sales	$10,438,225.46	...	37,547,483.07	11,560,410.43
Investment per dollar of sales	...	...	.028	.060
Armour & Co.:				
Book value[3]	69,136.42	...	1,016,263.60	735,167.91
Sales	5,323,007.07	...	28,780,189.56	11,880,795.22
Investment per dollar of sales	.013	...	.035	.062
Morris & Co.:				
Book value[3]	34,275.09	...	353,123.32	265,506.83
Sales	4,538,240.76	...	13,549,161.25	5,151,882.70
Investment per dollar of sales	.008	...	.026	.052
Wilson & Co., Inc.:				
Book value[3]	58,263.29	...	368,763.48	256,863.10
Sales	3,770,749.96	...	9,681,815.71	4,890,779.83
Investment per dollar of sales	.015	...	.038	.053
Cudahy Packing Co.:				
Book value[3]	134,185.36	...	187,470.63	59,117.98
Sales	6,706,847.94	...	9,898,171.95	1,237,388.17
Investment per dollar of sales	.020	...	.019	.048
Total Big Five:				
Book value[3]	[5] 295,860.16	...	2,973,799.95	2,011,118.85
Sales	[6] 20,338,845.73	...	99,456,821.54	34,701,256.35
Investment per dollar of sales	.015	...	.030	.058

	Philadelphia.		Washington.	
	Total.	Comparable total.	Total.	Comparable total.
Swift & Co.:				
Book value[3]	$685,566.45	$657,668.47	$24,218.57	...
Sales	14,849,792.17	11,258,957.72	1,579,710.58	...
Investment per dollar of sales	.046	.058	.015	...
Armour & Co.:				
Book value[3]	344,756.87	310,876.78	30,427.84	...
Sales	9,555,508.25	4,761,984.99	2,025,290.95	...
Investment per dollar of sales	.036	.065	.015	...
Morris & Co.:				
Book value[3]	112,897.58	61,649.95	1,228.44	...
Sales	4,459,880.78	1,698,180.44	1,091,262.02	...
Investment per dollar of sales	.025	.036	.001	...
Wilson & Co., Inc.:				
Book value[3]	98,812.66	41,804.66	19,526.45	...
Sales	3,208,507.48	1,552,330.15	810,098.63	...
Investment per dollar of sales	.031	.027	.024	...
Cudahy Packing Co.:				
Book value[3]	184,868.71	...	61,578.73	...
Sales	3,170,981.83	...	1,063,059.05	...
Investment per dollar of sales	.058	...	.058	...
Total Big Five:				
Book value[3]	1,426,902.27	1,071,999.86	136,980.03	...
Sales	35,244,670.51	19,271,453.30	6,569,411.23	...
Investment per dollar of sales	.040	.056	.021	...

[1] Fiscal year of each company nearest to calendar year 1916.
[2] This classification is based on Armour & Co.'s New York district, which includes Greater New York, (comprising New York, Brooklyn, and Jersey City) and cities of East Orange, Jamaica, and Newark. The branch houses of the other companies in this same territory are arbitrarily included as New York district, although these companies individually may include somewhat different territory in their own classification of New York district.
[3] Not verified by Commission. A thorough audit might modify these figures.
[4] Not available.
[5] Excluding Swift & Co.'s Boston book value.
[6] Excluding Swift & Co's Boston sales.

TABLE 32.—*Domestic branch houses of Big Four, book value and sales, in six selected cities, and relation of investment to sales, 1916*—Continued.

	Atlanta.		Chicago.	
	Total.	Comparable total.	Total.	Comparable total.
Swift & Co.:				
Book value [1]	$27,640.81	....	$349,234.50	$260,714.65
Sales	987,339.16	....	26,376,022.33	6,525,661.50
Investment per dollar of sales	.028	....	.013	.040
Armour & Co.:				
Book value [1]	5,520.37	....	349,412.98	337,897.26
Sales	1,011,607.18	....	14,857,534.70	5,235,450.60
Investment per dollar of sales	.005	....	.024	.065
Morris & Co.:				
Book value [1]	11,090.36	....	159,575.50	121,486.78
Sales	610,674.10	....	10,506,898.66	3,228,647.62
Investment per dollar of sales	.018	....	.015	.038
Wilson & Co., Inc.:				
Book value [1]	9,317.00	....	97,835.62	43,306.82
Sales	806,593.17	....	9,389,152.95	877,356.56
Investment per dollar of sales	.012	....	.010	.049
Cudahy Packing Co.:				
Book value [1]	23,434.35	....	80,959.97	73,077.20
Sales	680,909.62	....	2,011,028.30	1,652,237.79
Investment per dollar of sales	.034	....	.040	.044
Total Big Five:				
Book value [1]	77,002.89	....	1,037,018.57	836,482.71
Sales	4,097,123.23	....	63,140,636.94	17,519,354.07
Investment per dollar of sales	.019	....	.016	.048

	Total, six cities.	
	Total.	Comparable total.
Swift & Co.:		
Book value [1]	[2] $2,134,839.25	$1,612,846.17
Sales	[3] 81,340,347.31	29,345,029.65
Investment per dollar of sales	.026	.055
Armour & Co.:		
Book value [1]	1,815,518.08	1,389,941.95
Sales	61,553,127.71	21,868,230.81
Investment per dollar of sales	.029	.063
Morris & Co.:		
Book value [1]	672,190.29	448,643.56
Sales	34,756,117.57	10,078,710.76
Investment per dollar of sales	.019	.045
Wilson & Co., Inc.:		
Book value [1]	652,518.50	341,974.58
Sales	27,666,917.90	7,320,466.54
Investment per dollar of sales	.024	.047
Cudahy Packing Co.:		
Book value [1]	672,497.75	132,195.16
Sales	23,530,998.69	2,880,625.96
Investment per dollar of sales	.029	.046
Total Big Five:		
Book value [1]	[2] 5,947,563.87	3,919,601.42
Sales	[3] 228,847,509.18	71,492,063.72
Investment per dollar of sales	.026	.055

[1] Not verified by Commission. A thorough audit might modify these figures.
[2] Excluding Swift & Co.'s Boston book value.
[3] Excluding Swift & Co.'s Boston sales.

Bearing in mind the limitations which have been mentioned, it is significant that to carry total branch-house annual sales amounting to $783,343,549, as shown in Table 39, the total book value of packer investment was only $30,275,550, or $0.039 per dollar of sales, this investment excluding the value of leased land, as explained above. Swift & Co.'s investment on this basis was $0.038 per dollar of sales; Armour & Co.'s, $0.046; Morris & Co.'s, $0.028; Wilson & Co.'s,

$0.033; and Cudahy Packing Co.'s, $0.034. Considering only the "comparable total" figures, representing ownership of both land and buildings, we find an investment of $20,184,427 for the Big Five corresponding to total branch-house annual sales of $336,866,188, or $0.060 per dollar of sales. The highest investment per dollar of sales on this basis is $0.072 for Wilson & Co., Inc., and the lowest, $0.047 for Morris & Co. Armour & Co.'s "comparable" investment per dollar of sales is $0.063; Cudahy Packing Co.'s, $0.059; and Swift & Co.'s, $0.058.

Table 32 gives figures of investment and sales for six selected cities, viz: Boston, New York, Philadelphia, Washington, Atlanta, and Chicago, together with totals for the six cities combined. This table shows for the six cities together a total branch-house investment of only $5,947,563 [1] to carry total annual sales of $228,847,509,[2] or the low figure of only $0.026 per dollar of sales, value of leased land excluded. The figures for "comparable totals," giving a more accurate view of the investment per dollar of sales, show in these six cities an investment of $3,919,601 in land and buildings to carry corresponding annual sales of $71,492,063, or $0.055 per dollar of sales.

Considerable differences appear in the investment per dollar of sales among the different cities. Taking the combined totals for all the Big Five without adjustment for comparability as to land, etc., the range of investment per dollar of sales is as follows: Boston, $0.015; Chicago, $0.016; Atlanta, $0.019; Washington, $0.021; New York, $0.030; and Philadelphia, $0.040. Comparable totals of investment per dollar of sales are available only for New York, Philadelphia, and Chicago. These figures for the Big Five group are: New York, $0.058; Philadelphia, $0.056; Chicago, $0.048. For individual companies the comparable figures of investment per dollar of sales for these three cities combined are as follows: Armour & Co., $0.063; Swift & Co., $0.055; Wilson & Co., Inc., $0.047; Cudahy Packing Co., $0.046; Morris & Co., $0.045.

As noted above, details for each branch house in the cities covered by Table 32 are given in Exhibit XI.

Section 16.—Growth of branch-house and car-route business of the Big Five.

The development of the Big Five in their branch-house and car-route systems has been rapid. There are some indications that as respects number of branch houses they reached a practical maximum of efficiency some years ago, the number of new houses opened since 1912 apparently being about offset by consolidation of older ones. The following pages give the record, so far as available, of branch

[1] Excluding Swift & Co.'s Boston investment which was not reported.

[2] Excluding Swift & Co.'s Boston sales because corresponding investment figures were not reported.

houses opened by the Big Five since 1884; the growth in branch-house and car-route sales as regards quantity and value as shown by comparisons that it has been practicable to make for the different companies in different years from 1913–1916; and the changes in branch-house investment as carried on the books of Cudahy Packing Co. by years, 1900–1916, and of Armour & Co. for a shorter period.

INCREASE IN NUMBER OF BRANCH HOUSES, 1884–1917.—A record is given in Table 33 of the facts available regarding the dates of opening branch houses by the Big Five. The data go back in an incomplete way to 1884. No figures prior to 1891 are available for Wilson (the Schwarzschild & Sulzberger Co.), and the record for Swift begins with 193 branches acquired sometime prior to 1900. The Cudahy record, beginning in 1888, is presumably complete since the company (then Armour-Cudahy Packing Co.) was not organized till 1887. The table shows the houses acquired by each company each year, the total for the year, and the yearly cumulative total.

TABLE 33.—*Branch houses of the Big Five—Number opened, by years, and cumulatively, 1884–1917.*

Year.	Armour	Swift.	Morris.	Wilson (Schwarzschild & Sulzberger.)	Cudahy.	Total for year.	Total cumulative.
1884	2	....	([1])	....	....	2	2
1885	([1])	....	1	....	....	1	3
1886	1	....	1	....	....	2	5
1887	3	....	1	....	....	4	9
1888	5	....	6	....	[2] 1	12	21
1889	19	....	7	....	3	29	50
1890	12	....	13	....	2	27	77
1891	14	....	4	[2] 2	2	22	99
1892	16	....	11	([1])	8	35	134
1893	17	....	8	12	2	39	173
1894	20	....	6	7	5	38	211
1895	16	....	3	10	5	34	245
1896	8	....	2	1	6	17	262
1897	16	....	7	4	7	34	296
1898	13	....	9	5	6	33	329
1899	12	[3] 193	9	1	([1])	215	544
1900	26	....	9	2	10	47	591
1901	18	3	3	([1])	3	27	618
1902	18	30	6	9	4	67	685
1903	8	21	2	5	3	39	724
1904	10	([1])	1	6	2	19	743
1905	6	1	1	3	3	14	757
1906	13	25	3	3	1	45	802
1907	10	21	1	2	8	42	844
1908	12	18	1	7	5	43	887
1909	8	7	3	5	6	29	916
1910	9	3	3	14	1	30	946
1911	6	8	2	4	5	25	971
1912	68	[4] 47	[5] 19	5	([1])	139	1,110
1913	3	7	2	1	1	14	1,124
1914	([1])	4	3	1	([1])	8	1,132
1915	4	1	7	([1])	2	14	1,146
1916	1	([1])	3	2	1	7	1,153
1917	1	1	4	3	3	12	1,165
Total [6]	395	390	161	114	105	1,165	1,165
In operation, 1917	363	367	154	121	115	1,120	....

[1] No branch houses opened.
[2] No figures prior to this year.
[3] Prior to 1900.
[4] 40 branch houses taken over from National Packing Co.
[5] 11 branch houses taken over from National Packing Co.
[6] Includes any that may have been closed since date of opening.

Beginning with Armour & Co.'s branch house, which was established in 1884 in Albany, N. Y., the table records the number of houses acquired or constructed yearly so far as the books of the parent companies show them. The branch houses, for instance, of the affiliated Swift companies in which not Swift & Co. but the Swift family are interested are not here included. By 1894, within a 10-year period, during much of which a packers' pool was in active operation, four of the five companies had extended their operations to 211 branch houses, Swift's number in that year not being recorded. Seventy-seven of these were acquired in the panic years 1893–94. In 1899 the record for Swift & Co. begins with 193 houses then owned, and the number owned by all five aggregated 544. By 1908 the number had reached 887, this not including branches then owned in the name of the National Packing Co. The National Packing Co. branches do not appear in the table till in 1912, when, on the distribution of the company's business, its branches were turned over to Swift & Co., Armour & Co., and Morris & Co. In that year, with this increment, the total number for the Big Five reached 1,110. No information is available as to the number of branch houses discontinued. Thus, though 1,110 had been acquired as early as 1912, and though 1,165 had been acquired by 1917, the number actually reported in operation on June 30, 1917, was 1,120.

INCREASES IN BRANCH-HOUSE AND CAR-ROUTE SALES IN VARIOUS RECENT YEARS.—In connection with increases in branch-house and car-route sales, a marked change is noticed, especially in the case of Swift & Co. and Armour & Co. in the ratio of branch-house and car-route sales to total sales. The following table shows that Swift's and Armour's sales by these channels constituted in 1913, respectively, 78.5 per cent and 67 per cent of their total sales, but in 1916 were only 63.7 and 57.2 per cent, respectively; and that the ratio of Morris also fell slightly. From 1915 to 1916 Wilson experienced a considerable reduction in the ratio of these sales to total sales, and Cudahy a slight one. For the two latter companies comparisons with 1913 are not available and they are therefore included in a separate table showing their change in this respect in the single year from 1915 to 1916.

TABLE 34.—*Branch-house and car-route sales of Swift & Co., Armour & Co., and Morris & Co.—Value relative to total sales, 1913 and 1916.*

	Branch house and car route.		Total.		Relation of branch house and car route to total.	
	1913	1916	1913	1916	1913	1916
					Per cent.	*Per cent.*
Swift & Co.	[1] $313,867,741	[1] $366,115,073	$400,000,000	$575,000,000	78.5	63.7
Armour & Co.	[2] 234,261,865	[2] 274,529,355	349,897,000	479,969,000	67.0	57.2
Morris & Co.	95,270,652	120,505,514	165,909,000	219,781,000	57.4	54.8
Total	643,400,258	761,149,942	915,806,000	1,274,750,000	70.3	59.7

[1] Includes Havana, Cuba, branch house: 1913, $3,925,091.21; 1916, $5,751,427.80.
[2] Includes Havana, Cuba, branch house: 1913, $4,088,455.98; 1916, $8,522,451.24.

TABLE 35.—*Branch-house and car-route sales of Wilson & Co., Inc., and Cudahy Packing Co.—Value relative to total sales, 1915 and 1916.*

	Branch house and car route.		Total.		Relation of branch house and car route to total.	
	1915	1916	1915	1916	1915	1916
					Per cent.	*Per cent.*
Wilson & Co., Inc.	$62,717,831	$83,317,086	$122,255,000	$186,998,000	51.3	44.6
Cudahy Packing Co.	75,720,554	84,328,292	116,162,000	133,961,000	65.2	62.9
Total	138,438,385	167,645,378	238,417,000	320,959,000	58.1	52.2

This change in the ratio of branch-house and car-route business to total business is made clearer by comparing the increase in branch-house and car-route sales with the increase in other sales. This comparison is made in the two following tables:

TABLE 36.—*Branch-house and car-route sales of Swift & Co., Armour & Co., and Morris & Co.—Increase in value relative to other sales, 1913 and 1916.*

	Branch house and car route.		Other.		Per cent of increase, 1916 over 1913.	
	1913	1916	1913	1916	Branch house and car route.	Other.
					Per cent.	*Per cent.*
Swift & Co.	[1] $313,867,741	[1] $366,115,073	$86,132,250	$208,884,927	16.6	142.5
Armour & Co.	[2] 234,261,865	[2] 274,529,355	115,635,135	205,439,645	17.2	77.7
Morris & Co.	95,270,652	120,505,514	70,638,348	99,275,486	26.5	40.5
Total	643,400,258	761,149,942	272,405,742	513,600,058	18.3	88.5

[1] Includes Havana, Cuba, branch house: 1913, $3,925,091.21; 1916, $5,751,427.80.
[2] Includes Havana, Cuba, branch house: 1913, $4,088,455.98; 1916, $8,522,451.24.

TABLE 37.—*Branch-house and car-route sales of Wilson & Co., Inc., and Cudahy Packing Co.—Increase in value relative to other sales, 1915 and 1916.*

	Branch house and car route.		Other.		Per cent of increase, 1916 over 1915.	
	1915	1916	1915	1916	Branch house and car route.	Other.
					Per cent.	*Per cent.*
Wilson & Co., Inc.	$62,717,831	$83,317,086	$59,537,169	$103,680,914	32.8	74.1
Cudahy Packing Co.	75,720,554	84,328,292	40,441,446	49,632,708	11.4	22.7
Total	138,438,385	167,645,378	99,978,615	153,313,622	21.1	53.3

The foregoing tables indicate that in the years from 1913 to 1916 branch-house and car-route sales increased about 16 or 17 per cent in value in the case of Swift and Armour while Swift's other sales

increased 142.5 per cent and Armour's 77.7 per cent. Morris meantime increased his branch-house and car-route sales 26.5 per cent, but his other sales 40.5 per cent. Similarly in the one year 1915 to 1916 Wilson increased branch-house and car-route sales 32.8 per cent, but other sales 74.1 per cent; and Cudahy's respective increases were 11.4 per cent and 22.7 per cent.

The explanation of the violent increases in other sales, as compared with branch-house and car-route sales, perhaps lies in war orders. These partly, no doubt, covered commodities, such as leather not sold through branch houses and partly meats and provisions sold direct from the plants without going through the channels of domestic distribution.

In the four following tables figures are given showing the increase both in quantity and value in branch-house sales and in car-route sales for the companies and years for which data are at hand. Table 38 covers the branch-house sales for Swift, Armour, and Morris, and Table 40 the car-route sales for the same companies. These tables show the increase in quantity and value from 1913 to 1916. Similarly, Table 39 and Table 41 show the per cent of increase in branch-house and car-route sales, respectively, for Wilson & Co., Inc., and the Cudahy Packing Co., but for the single year 1915–16. Table 41 also includes Armour & Co. and Morris & Co.

The branch-house sales of the companies (except Armour) taken by themselves show a relatively small gain in quantity sold, but a very considerable gain in value of sales. (Tables 38 and 39.)

In the case of Armour & Co. it is noted that the increase in quantity of branch-house sales from 1913 to 1916 was greater than for any of the other three companies shown, being 15.6 per cent. The Armour gain in value barely equaled the gain in quantity instead of far surpassing it as in the case of the other companies. The explanation given for this in the office of the company is that increasing quantities of canned vegetables, fish, and other goods not previously handled were being sold during this period; that the average price per pound for those goods was lower than that of the general run of meat products; and that this accelerating proportion of new low-priced goods resulted in keeping total values from increasing in a greater ratio.

In the case of Swift and Armour the per cent of increase in quantity of car-route sales from 1913 to 1916 was much greater than in branch-house sales (Tables 38 and 40). Wilson's per cent of gain in car-route tonnage was not quite equal to his gain in branch-house tonnage. Cudahy's tonnage decreased both in car-route and in branch-house departments. (Tables 39 and 41.)

TABLE 38.—*Branch-house sales of Swift & Co., Armour & Co., and Morris & Co.—Increase in quantity and value 1916 over 1913.*

	Pounds.		Value.		Per cent of increase 1916 over 1913.	
	1913	1916	1913	1916	Pounds.	Value.
Swift & Co.:						
Total [1]	2,076,134,740	2,179,614,749	$270,300,767	$308,141,017		
Noncomparable items	1,385,009	16,457,049		1,930,426		
Comparable total [1]	2,074,749,731	2,163,157,700	270,300,767	306,210,591	4.3	13.3
Armour & Co.:						
Total [2]	1,722,645,106	2,002,180,216	219,575,051	255,665,954		
Noncomparable items		11,366,420		1,478,639		
Comparable total [2]	1,722,645,106	1,990,813,796	219,575,051	254,187,315	15.6	15.8
Morris & Co.:						
Total	([3])	([3])	76,123,539	97,613,613		
Noncomparable items				508,256		
Comparable total			76,123,539	97,105,357		27.6
Total:						
Total	[4] 3,798,779,846	[4] 4,181,794,965	565,999,357	661,420,584		
Noncomparable items	1,385,009	27,823,469		3,917,321		
Comparable total	[4] 3,797,394,837	[4] 4,153,971,496	565,999,357	657,503,263	[4] 9.4	16.2

[1] Includes Havana, Cuba, branch house: 1913, pounds 31,528,853, value $3,925,091.21; 1916, pounds 37,142,186, value $5,751,427.80.
[2] Includes Havana, Cuba, branch house: 1913, pounds 50,529,276, value $4,088,455.98; 1916, pounds 144,496,380, value $8,522,451.24.
[3] Not available.
[4] Excluding Morris & Co.

TABLE 39.—*Branch-house sales of Wilson & Co., Inc., and Cudahy Packing Co.—Increase in quantity and value, 1916 over 1915.*

	Pounds.		Value.		Per cent of increase 1916 over 1915.	
	1915	1916	1915	1916	Pounds.	Value.
Wilson & Co., Inc.:						
Total	455,959,432	499,010,408	$47,726,020	$65,824,591		
Noncomparable items	1,318,431	214,746	2,034,687	7,846,530		
Comparable total	454,641,001	498,795,662	45,691,333	57,978,061	9.7	26.9
Cudahy Packing Co.:						
Total	535,533,462	526,580,784	63,604,011	70,372,254		
Noncomparable items						
Comparable total	535,533,462	526,580,784	63,604,011	70,372,254	[1] 1.7	10.6
Total:						
Total	991,492,894	1,025,591,192	111,330,031	136,196,845		
Noncomparable items	1,318,431	214,746	2,034,687	7,846,530		
Comparable total	990,174,463	1,025,376,446	109,295,344	128,350,315	3.6	17.4

[1] Decrease.

TABLE 40.—*Car-route sales of Swift & Co., Armour & Co., and Morris & Co.—Increase in quantity and value, 1916 over 1913.*

	1913		1916		Per cent of increase 1916 over 1913.	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
Swift & Co.	327,045,461	$43,566,973.96	410,237,243	$57,974,055.99	25.4	33.1
Armour & Co.	115,748,881	14,686,814.52	139,524,297	18,863,401.28	20.5	28.4
Morris & Co.	(1)	19,147,114.05	(1)	22,891,900.87	....	19.6
Total	[2] 442,794,342	77,400,902.53	[2] 549,761,540	99,729,358.14	[2] 24.2	28.8

[1] Not available. [2] Excluding Morris & Co.

TABLE 41.—*Car-route sales of Armour & Co., Morris & Co., Wilson & Co., Inc., and Cudahy Packing Co.—Increase in quantity and value, 1916 over 1915.*

	1915		1916		Per cent of increase 1916 over 1915.	
	Pounds.	Value.	Pounds.	Value.	Pounds.	Value.
Armour & Co.	128,144,769	$14,805,432.65	139,524,297	$18,863,401.28	8.9	27.4
Morris & Co.	(1)	18,700,107.75	(1)	22,891,900.87	....	22.4
Wilson & Co., Inc.	115,347,797	14,991,811.27	124,598,834	17,493,494.91	8.0	16.7
Cudahy Packing Co	102,557,284	12,116,543.50	101,122,369	13,956,038.00	[2] 1.4	15.2
Total	[3] 346,049,850	60,613,895.17	[3] 365,245,500	73,203,835.06	[3] 5.5	20.8

[1] Not available. [2] Decrease. [3] Excluding Morris & Co.

In addition to the above, a comparison of the increase in the value of car-route sales of Armour & Co. and Morris & Co. between 1914 and 1916 is given.

TABLE 42.—*Car-route sales of Armour & Co. and Morris & Co.—Increase in value, 1916 over 1914.*

	1914	1916	Per cent of increase 1916 over 1914.
Armour & Co.	$15,813,262.26	$18,863,401.28	19.3
Morris & Co	18,998,185.28	22,891,900.87	20.5
Total	34,811,447.54	41,755,302.15	19.9

INCREASE IN BRANCH-HOUSE INVESTMENT.—*Cudahy Packing Co.*—The book value of the branch-house property of the Cudahy Packing Co. from 1900 to 1916 is shown in the following table, together with the ratio each year to the initial year 1900.

TABLE 43.—*Branch-house property of Cudahy Packing Co.—Increase in book value, by years, 1900–1916.*

	Book value.[1]	Ratio to 1900.		Book value.[1]	Ratio to 1900.
1900	$455,152.16	100.0	1909	$1,227,517.85	269.7
1901	503,927.60	110.7	1910	1,572,647.88	345.5
1902	602,890.98	132.5	1911	1,941,716.93	426.6
1903	693,847.91	152.4	1912	2,035,846.89	447.3
1904	671,243.71	147.5	1913	2,128,848.87	467.7
1905	782,582.58	171.9	1914	2,301,891.04	505.7
1906	951,522.36	209.1	1915	2,467,346.12	542.1
1907	1,026,186.31	225.5	1916	[2] 2,529,682.28	555.8
1908	1,108,671.43	243.6			

[1] Not verified by the Commission. A thorough audit might modify these figures.
[2] Elsewhere reported as $2,368,688.33, p. 149.

For comparison with the above table of branch-house investment a similar table of the packing-plant investment of the Cudahy Packing Co. is given. This shows the investment used in keeping busy not only the branch houses but the car routes and other distributing agencies.

TABLE 44.—*Packing plant property of Cudahy Packing Co.—Increase in book value by years, 1900–1916.*

	Book value.[1]	Ratio to 1900.		Book value.[1]	Ratio to 1900.
1900	$2,561,685.34	100.0	1909	$6,318,417.25	246.7
1901	2,932,586.25	114.5	1910	6,929,241.70	270.5
1902	3,317,168.49	129.5	1911	7,007,702.30	273.6
1903	3,614,661.12	141.1	1912	7,273,220.48	283.9
1904	3,692,850.84	144.2	1913	7,787,328.04	304.0
1905	3,926,923.84	153.3	1914	7,976,963.20	311.4
1906	4,532,977.55	177.0	1915	8,032,919.13	313.6
1907	5,001.530.88	195.2	1916	8,209,744.75	320.5
1908	5,331,205.97	208.1			

[1] Not verified by the Commission. A thorough audit might modify these figures.

According to the books, the Cudahy investment in branch houses, starting roundly at $455,000 in 1900, was then about 18 per cent of the plant investment, and by 1916 had reached $2,529,000, at which time it was about 31 per cent of the $8,209,000 shown as invested in the plants. This suggests that with the more recent years there has come a greater emphasis on distribution as a vital factor in growth.

On this showing the plant investment in 1916 was 3⅕ times as great as in 1900, while the branch-house investment was about 5½ times as great.

Armour & Co.—The following data were taken from the books of Armour & Co., but their accuracy has not been verified by the Commission. A comparison is available from 1909 on by years, with respect to investment in branch house machinery and equipment and from 1912 on with respect to branch house buildings and lands.

In 1908 Armour & Co. had a revaluation of its properties made, including branch-house properties. In a report to the company made in this connection on August 18, 1909, by Price, Waterhouse & Co., certified public accountants, the revaluation of branch-house properties as of October 24, 1908, was given as $4,054,506.04, but the increase was not taken up in the books as addition to surplus till 1911.

In the table below, the growth in investment in branch-house equipment, as carried on the books, is indicated by the ratio of this figure for each year to the amount in 1909, the first year shown. In the same way from 1912, a ratio is given to show the increase in investment in buildings and lands for branch-house purposes, and in the total branch-house investment. The increases year by year may be compared with the number of branches acquired by Armour & Co. each year, as stated in Table 33, p. 153.

TABLE 45.—*Branch-house investment of Armour & Co.—Increase in book value, 1909–1916.*

	Equipment.		Buildings and land.		Total.	
	Value.	Index based on 1909.	Value.	Index based on 1912.	Value.	Index based on 1912.
1909	$122,531.31	100.0	(1)			
1910	169,839.39	138.6	(1)			
1911	190,431.75	155.4	(1)			
1912	723,876.55	490.8	$10,621,540.87	100.0	$11,345,417.42	100.0
1913	743,832.41	607.1	11,097,357.57	104.5	11,841,189.98	104.4
1914	832,723.35	679.6	11,186,261.11	105.3	12,018,984.46	105.9
1915	864,228.71	705.3	11,397,467.20	107.3	12,261,695.91	108.0
1916	1,029,997.52	740.6	11,827,507.84	111.4	12,857,505.36	113.3

[1] Not available.

CHAPTER IV. THE BIG UNITED STATES PACKERS IN FOREIGN COUNTRIES.

The big United States packers are engaged in slaughtering and meat packing in South America, Australasia, and Canada. They also import cattle to some extent from countries to the south of us for slaughter in plants on the southern coast of the United States. The foreign companies of the Big Five in Europe are not engaged in slaughter, but for the most part are distributing concerns.

The Commission submits the following information regarding the foreign business of the packers, gathered chiefly from various published sources.

SOUTH AMERICA.

Section 1.—Beginnings of the packing business in Argentina.

Experiments in shipping refrigerated meats from South America to Europe were made as early as 1877. It is said that a French engi-

neer, Charles Tellier, invented a system for preserving fresh meats by refrigeration during the time required for the ocean voyage between these continents. In 1876 a trial shipment was made from Rouen, France, to Buenos Aires in the steamship *Le Frigorifique*, constructed with refrigerating facilities according to the Tellier system. In the following year shipments of frozen meats from Argentina to Europe were made in this vessel and also in *Le Paraguay*, the latter using the process of Julien Carré. Two French companies were given a five-year monopoly of this business by the Argentine Government.[1]

The business of exporting refrigerated meats from South America did not develop on a commercial scale, however, till a few years later. The frozen-meat industry was definitely established in Argentina in 1883, when the first freezing plant was erected at Campana, in the Province of Buenos Aires, by British interests, under the name of the River Plate Fresh Meat Co.[2]

Prior to this time, in addition to the demand for cattle for making "jerked beef" and beef extract, there was also some slaughter for canning and preserving; but none of these uses called for a high grade of cattle. The great stimulus to the live-stock industry in South America came, therefore, with the introduction of refrigerating plants in Argentina. The following statement in this connection is quoted from an article which appeared in the Pan-American Magazine for March, 1916:

> It was not until the possibilities of the chilled and frozen meat business in Argentina were realized that the herds underwent the astonishing transformation that changed their entire character. Within what was a comparatively few years a land swarming with thin and poor animals of no particular variety became a country known for its fine fat well-bred stock, comparing favorably with the pure herds of Europe and North America.[3]

Before the exportation of frozen or chilled beef from Argentina had been established as a practical business, live cattle were sent in considerable numbers from that country to Europe. A writer on this subject says that there was a period when "boats crammed with live cattle sailed frequently" from Buenos Aires and La Plata.[4] The system of exporting chilled and frozen meats was naturally destined largely to supersede, or to retard the growth of, the less economical system of shipping live stock, though, of course, live animals are still

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[1] Article by A. D. Melvin on "The South American Meat Industry," in the Department of Agriculture Yearbook, 1913, p. 351; "The Frozen Meat Industry in the Argentine Republic," by Dr. Pedro Bergés in "Anales de la Sociedad Rural Argentina; Argentina, its Agriculture and Live Stock," pp. 65–66; "Meat Export from the Argentine," by L. E. Elliott and W. W. Rasor, in the "Pan-American Magazine," March, 1916, p. 313.

[2] Pan-American Magazine, March, 1916, pp. 313 and 315; Yearbook of the Department of Agriculture, 1913, p. 351; Argentine Year Book, 1915–16, p. 238.

[3] Article by L. E. Elliott and W. W. Raser on "Meat Export from Argentina." See p. 312.

[4] Pan-American Magazine, Mar. 19, 1916, p. 312.

shipped from South American ports. It has been said that there was another cause contributing to the growth of the meat export business at the expense of the export of live stock. This was the closing of English ports against cargoes of live cattle for fear of anthrax. In a publication on "The Argentine in the Twentieth Century"[1] it is stated that "It is by the help of this prohibition that the refrigerating companies have conquered the English market, which to-day takes up the greater part of our [the Argentine] frozen meat, as before it took our cattle."

These writers are also authority for the statement that when steps were taken with a view to reopening the English ports under a pledge of enforcing sanitary measures, opposition was met both from English cattle breeders and the Argentine refrigerating companies, many of which had been created by English capital.

Section 2.—Development of packing plants in Argentina and Uruguay, 1883–1907.

River Plate Fresh Meat Co.—It has been said above that the first plant established in Argentina for handling refrigerated meats was that of the British company known as the River Plate Fresh Meat Co., the plant being located at Campana, on the Parana River, in the Province of Buenos Aires.[2] It is said that this company began to export frozen meat to Europe in November, 1883, and that in 1900 a system of "chilled" beef[3] was perfected, which led to large exports in this form.[4]

The Sansinena Co.—In 1883, the year in which the Campana plant was established, a packing plant was built by Argentine interests on the southern bank of the Riachuelo, "at the entry of the city of Buenos Aires."[5] This plant, which is known as "Negra," seems to have been owned at first chiefly by the Sansinena family. In 1891 the property was taken over by Cia Sansinena de Carnes Congelades, Ltda.[6] Apparently it was not until that time that this plant was fitted with facilities for refrigerating, having been engaged previously only in preserving and canning. In 1891 it came into the market as an exporter of chilled and frozen beef and frozen mutton.[7]

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[1] Martinez and Lewandowski, London, 1911, p. 240.

[2] Argentine Year Book, 1915–16, p. 238.

[3] The difference between chilled and frozen beef is explained as follows at the beginning of the "Review of the Frozen Meat Trade," published annually by W. Weddel & Co. (Ltd.), London. (See any of the recent numbers.)

"Throughout this Review the term '*chilled* beef' is applied to beef carried at a temperature of 29° F. to 30° F., and arriving here in soft condition, ready for immediate consumption; while the term '*frozen* beef' is applied to beef carried at a much lower temperature, say 10° F. to 15° F., arriving here perfectly hard, and requiring to be thawed out before it can be used. (Mutton and lamb are always carried in a *frozen* condition.)"

[4] Pan American Magazine, March, 1916, p. 315.

[5] *Argentine* Year Book, 1914, p. 384.

[6] *Argentine Year Book*, 1914, p. 383; 1915–16, p. 354.

[7] *Pan American Magazine*, March, 1916, p. 314.

At a later date this company built the "Cuatreros" plant at Bahia Blanca, where it owns 3,694 acres.[1] In 1909 it also acquired a plant near Montevideo, Uruguay, known as "Frigorífico[2] Uruguaya."[3] It controls this plant through ownership of all the share capital of the Sociedad Frigorífica de Uruguaya.[4]

Las Palmas Produce Co. (Ltd.) (James Nelson & Sons (Ltd.)).—In 1886 a frigorifico was established at Las Palmas, on the Parana River, in the Province of Buenos Aires, by the British house of James Nelson & Sons (Ltd.). The Argentine company which operated this plant was called Las Palmas Produce Co. (Ltd.), and was registered in Argentina in 1892.[5]

Period of prosperity.—The three companies (one native and two British) which had been established in Argentina in the eighties held the field of South American export business to themselves for about 20 years. Near the end of this period they were able to make extraordinarily large profits on account of the demand caused by the Boer War.[6] The Sansinena Co. paid a 50 per cent dividend in 1902 out of the exceptional profits realized from the sale of cattle in South Africa during that war.[7] While this was an extraordinarily large return to the stockholders, even in more normal times, this company paid large dividends. The ordinary shares (common stock) drew 12½ per cent in 1903; 10 per cent yearly from 1904 to 1907, inclusive; 12 per cent yearly in 1908 and 1909; and 15 per cent in 1910.[8] The dividends of the River Plate Fresh Meat Co., while not so large during this period, were very good. This company paid 10 per cent yearly on its ordinary shares from 1904 to 1910, inclusive, with an extra dividend of 5 per cent in the last-named year.[9]

New plants, 1902–1904.—These great earnings attracted capital into this industry, and in a period of four or five years, beginning in 1902, four new packing plants were established in Argentina, prepared to cater to the export trade.[10] Three of these plants later became the

[1] Argentine Year Book, 1914, p. 383; South American Year Book, 1915, p. 175.

[2] "Frigorífico" is the Spanish word used to designate a packing plant with equipment for refrigerating meats. The authors of the article on "Meat export from the Argentine" in the Pan American Magazine for March, 1916, say (pp. 319–320): "The word frigorifico * * * is the convenient Spanish form, and means everything that the word packing house usually conveys, including departments for slaughter, division of carcasses and spoils, freezing rooms and boiling vats, canning and packing plant and machinery for utilising by-products. The well-equipped frigorifico of South America compares more than favorably with the average Chicago plant and besides being an abattoir and cold storage depot is frequently a maker of soaps, cooking fats, fertilizers, etc."

[3] Pan American Magazine, March, 1916, p. 315.

[4] South American Year Book, 1915, p. 175.

[5] The South American Year Book, 1915, p. 175; Pan American Magazine, March, 1916, p. 316.

[6] London Times, June 17, 1913, p. 17.

[7] "The Argentine in the Twentieth Century," by Martinez and Lewandowski, p. 240.

[8] Argentine Year Book, 1912, p. 424.

[9] Argentine Year Book, 1912, p. 422.

[10] London Times, June 17, 1913, p. 17.

property of the big packing interests of the United States, as will be shown below.

In 1902 two plants were built in the Province of Buenos Aires, one at La Plata, the old capital of Argentina, and the other, known as La Blanca, at Avellaneda. The La Plata plant was built by British and South African capitalists, and La Blanca by Argentine interests. Another plant was established at Avellaneda in 1903, known as Frigorífico Argentino. This was likewise built by Argentine capitalists. The fourth plant, erected in 1904, at Zarate on the Parana River, is owned by the Smithfield & Argentine Meat Co. (Ltd.), representing British and Argentine capital. The company had been registered in Buenos Aires in 1903.[1]

Section 3.—Advent of the four big United States packers.

The large packing interests of the United States entered the South American field only after the business of exporting frozen and chilled meats had been established there about 20 years. Their entrance into that field at first was through the purchase of plants which had already been in operation.[2]

Of the five principal United States packers, Cudahy Packing Co. is the only one that does not now have large interests in South America.

SWIFT'S LA PLATA PLANT.—The Swift interests were the first to acquire a packing plant in Argentina.[3]

In 1907 Swift & Co. acquired control of La Plata Cold Storage Co., Sociedad Anónima. This company seems to have been formed in 1902, but not registered at Buenos Aires until 1910.[4]

It owned the La Plata plant, mentioned above, which had been in operation since 1902. Swift & Co. now controls this plant through Compañía Swift de la Plata Sociedad Anónima which succeeded the La Plata Cold Storage Co.

NATIONAL PACKING CO., LA BLANCA PLANT.—In 1909[5] the La Blanca plant was acquired by the National Packing Co., and it is said that the exports from this plant to the United Kingdom were consigned to the Hammond Beef Co., through which the meat was distributed for sale by the Armour, Swift, Morris, and Hammond companies.[6] As a result of the dissolution of the National Packing Co. in 1912, ownership of the La Blanca plant passed to Armour & Co. and Morris & Co. jointly.

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[1] Pan American Magazine, March, 1916, pp. 317–318; South American Year Book, 1915, pp. 175–177; Argentine Year Book, 1915–16, p. 238.

[2] Pan American Magazine, March, 1916, pp. 318–319.

[3] Commerce Reports, June 20, 1918, p. 1096.

[4] Pan American Magazine, March, 1916, p. 317; South American Year Book, 1915, p. 175; Argentine Year Book, 1914, p. 255.

[5] Argentine Year Book, 1914, p. 255.

[6] Report of the Departmental Committee, appointed by the British Board of Trade, on Combination in the Meat Trade, submitted April 28, 1909, Cd. 4661, Par. 68.

SWIFT'S NEW PATAGONIA PLANT.—In 1912 the Swift interests secured control of the New Patagonia Meat & Cold Storage Co. (Ltd.), which had been formed in 1909, and had a plant at Rio Gallegos, in South Argentina. A new plant was built at San Julian, Territory of Santa Cruz, also in South Argentina. These plants are said to operate only from April to December.[1] The entire capital stock of the New Patagonia Meat & Cold Storage Co. is owned by the Compañía Swift de la Plata, and the former company is now in process of liquidation.

SULZBERGER AND WILSON PLANT.—The Frigorífico Argentino, which was established in 1903, closed down for several months in 1913.[2] In January, 1914, it resumed operations under the name of Frigorífico Argentino Central, having been leased for three years to Sulzberger & Sons Co., and a new company having been formed to carry on the business. The plant is in the Province of Buenos Aires,[3] and is now operated by Frigorífico Wilson de la Argentina, Sociedad Anónima, a subsidiary of Wilson & Co., Inc.

Section 4.—The packers' export pool, 1911–1913, and the causes and results of its dissolution.

The pressure of increased competition which followed the entrance of Swift and the National into the Argentine packing business was such that toward the end of 1911 an agreement was entered into by all the companies (which then numbered seven) shipping meat from Argentina to the United Kingdom. This agreement provided for periodical meetings of the representatives of the companies to determine how large the total exports should be, and each company was allotted its proportion of the weekly shipments.

This agreement continued in force until April, 1913, when the United States companies withdrew. The collapse of the combination, according to reports current at the time, was due to the fact that the La Blanca Co. (Armour and Morris) demanded an increase of 70 per cent in its shipments of beef without proposing any compensation to the other companies. The two companies controlled, respectively, by Swift and by Armour and Morris jointly were reported to be shipping at that time 41.35 per cent of the total output, as against 58.65 per cent by the other five companies combined.[4]

It was said at the time in the Argentine press that the agreement broke down because the companies owned by the United States

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[1] Argentine Year Book, 1914, p. 255; 1915, p. 238.

[2] South American Year Book, 1915, p. 175, and Argentine Year Book, 1915–16, p. 238.

[3] Argentine Year Book, 1915–16, p. 238; Commerce Reports, June 20, 1918, p. 1096.

[4] London Times, June 17, 1913, p. 17: Computations from figures published in the Review of the River Plate show the La Blanca and La Plata companies as furnishing 40 per cent of the total Argentine and Uruguayan exports for the year 1912, the only complete year of operation of this first pool, or if the figures for Uruguay are deducted, these two companies produced slightly over 42 per cent of the whole. (See Table 46, p. 167, below.)

packers had recently considerably increased the capacity of their plants and were unwilling to place further restrictions on their output. It was also alleged that the probability of the United States market soon being thrown open to duty-free importations of meat "made it imperative for the United States firms to strengthen their hold on the Argentine supplies as much as possible."[1]

RESULTS OF RENEWED COMPETITION.—The renewal of unrestricted competition among the Argentine packing houses, according to a statement in a British Board of Trade memorandum, resulted in an increase of about 50 per cent in the price of cattle in Argentina from May, 1912, to May, 1913, while the f. o. b. price of meat at the River Plate increased about 1d. per pound. At the same time the stock of Argentine meat available in the United Kingdom had increased over 75 per cent, while the price of meat in London (Smithfield Market) had declined about 1d. pound.[2]

Figures given in a British official report show the shipments of quarters of beef from Argentina in the period January to September, 1913, as 2,209,980, as against 1,764,580 in the corresponding period in 1912. This increase was accounted for entirely by the enlarged output of the two companies controlled by United States interests, for the total shipments of the other five companies had fallen off slightly, namely, from 743,742 quarters in the earlier period to 734,621 in the later.[3]

PROPORTION OF BEEF EXPORTS CONTROLLED BY THE FOUR UNITED STATES PACKERS, 1910–1913.—In the following table figures are presented which show the total exports of frozen and chilled beef from Argentina, by years, from 1909 to 1914, inclusive, as well as the shipments by the two United States companies, and the per cent of the total shipped by these two companies combined.

The figures have been taken from the Review of the River Plate, as the most convenient source, and one which seems to be accepted.[4] However, the Argentine Yearbook published figures which agree only in part with those in the Review of the River Plate.

The table shows the number of beef quarters exported. It is obvious that figures of weight would be more satisfactory. It is not likely, however, that the figures given here exaggerate the proportion of the exports controlled by the United States companies. It seems

[1] British Board of Trade memorandum quoted in the Report of the Royal Commission on the Meat Export Trade of Australia, 1915, Cd. 7896, p. 20; also article in the London Times, June 17, 1913, p. 17.

[2] Article in London Times June 17, 1913, p. 17, and British Board of Trade memorandum, referred to above.

[3] Report of the Royal Commission on the Meat Export Trade of Australia, 1915, p. 20.

[4] Totals for 1912–1916 as published in Commerce Reports, Feb. 23, 1917, p. 723, agree with Review of the River Plate figures. Items for individual companies and totals for 1917, as published in Revista Financiera y Comercial, Feb. 23, 1918, also agree with Review of the River Plate figures.

fair to assume that the quarters exported by these companies are on the average fully as heavy, if not heavier, than the average for the other companies. In fact, as will be pointed out later, these companies maintained, in 1913, that the cattle killed at their plants dressed considerably heavier than those slaughtered by the other companies.[1]

TABLE 46.—*Beef exports from Argentina and Uruguay—Number of frozen and chilled quarters exported, by companies, 1910–1913, calendar years.*[1]

Company or plant.	1910		1911		1912		1913	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
La Plata (Swift)	849,542	27.9	1,239,070	32.8	1,212,786	27.8	1,477,460	32.6
Frigorífico Montevideo (Swift)					3,636	.1	288,164	6.3
La Blanca (National)[2]	429,177	14.1	504,664	13.4	531,571	12.2	728,400	16.1
Total United States Companies	1,278,719	42.0	1,743,734	46.2	1,747,993	40.1	2,494,024	55.0
River Plate (Nelson)	526,957	17.3	562,088	14.9	608,677	14.0	531,236	11.7
Las Palmas (Nelson)	335,557	11.0	315,339	8.3	572,020	13.1	432,813	9.5
Smithfield & Argentine	201,704	6.7	264,380	7.0	373,320	8.6	318,010	7.0
Sansinena	325,915	10.7	478,675	12.7	472,487	10.8	401,412	8.9
Frigorífico Uruguaya[3]	143,064	4.7	87,583	2.3	229,852	5.3	153,367	3.4
Frigorífico Argentino	230,770	7.6	323,486	8.6	351,905	8.1	203,412	4.5
Total	3,042,686	100.0	[4]3,775,285	100.0	4,356,254	100.0	4,534,274	100.0

[1] Compiled from annual summaries published in the Review of the River Plate.
[2] Acquired by the National Packing Co. in 1909; became the property of Armour and Morris jointly on liquidation of the National. (See text, p. 164.)
[3] Owned by the Sansinena Co.
[4] The total for 1911 as given in the Review of the River Plate is 3,825,285. However, the sum of the items, as given therein is only 3,775,285. This latter number has been used as the total, since it is impracticable to locate the error.

The effects of the working of the packers' agreement and of its abrogation are seen in this table. The combined exports of the La Plata and La Blanca plants, owned by the big United States packers, increased about 36 per cent from 1910 to 1911, while the grand total for all companies increased only about 24 per cent. In the calendar year 1912, the only full year of operation of the early pool, the total exports of all companies increased about 15 per cent, while the combined exports of La Plata and La Blanca remained virtually stationary.

The figures for 1913, as compared with those of 1912, show how rapidly the United States companies increased their exports after withdrawing from the agreement. In spite of the fact that the pool arrangement is supposed to have been in force during the first quarter of 1913, the exports from the La Plata plant increased in that year from about 1,213,000 quarters to 1,477,000 quarters. In 1912, with the pool arrangement working, there had been a slight decrease in exports from this plant. While the exports from the La Blanca plant had increased less than 6 per cent in 1912, they jumped in 1913

[1] See p. 170, below.

from 531,571 quarters to 728,400 quarters, an increase of about 37 per cent.

The shipments by the companies controlled by the big United States packing interests were further increased in 1913 by 288,164 quarters from Swift's Montevideo plant, which had begun operation late in the preceding year. The total for these companies increased in 1913 from about 1,748,000 quarters to 2,494,000 quarters, or more than 40 per cent, while the total exports of all companies had increased barely 4 per cent, or from 4,356,000 quarters to 4,534,000 quarters.

The absolute gain in 1913 by the companies controlled by the United States packers was much greater than the total gain of all companies. In other words, it is evident that there was a loss in the combined total of exports by the companies competing with the United States concerns. A further study of the table shows that every one of the companies controlled by British and Argentine capital exported less beef in 1913 than in 1912, though all but one of them had increased its exports in 1912, while the pool arrangement was effective, over those of 1911. It has already been shown (p. 165) above) that the Frigorífico Argentino was closed down several months in 1913. It was doubtless this condition of affairs that made the owners of this plant willing to turn it over to the Sulzbergers.[1] Doubtless also the generally unfavorable situation in which the competitors of the United States plants found themselves in 1913 was the prime cause leading to the merger of the River Plate and Las Palmas plants, which will be described later.[2]

The position of the companies controlled by the National (later by Armour and Morris jointly) and by Swift during this period may be shown in another way. Table 46 shows that the combined exports of the plants controlled by these United States interests amounted to 42 per cent of the exports of all the companies in 1910, and in 1911 their proportion had increased to 46.2 per cent. On the other hand, while the pool was in operation in 1912, the combined exports of these United States concerns dropped to slightly over 40 per cent of the whole; but in the next year, though the pool was maintained one-quarter of the time, their shipments increased so greatly that they amounted to 55 per cent of the total.[3]

EFFECT OF DISSOLUTION OF THE POOL ON PROFITS.—The results of the competition which followed the breaking down of the agreement among the River Plate exporters were naturally seen in the profits

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[1] See p. 165.

[2] See p. 170.

[3] A discussion of the proportion of control of Argentine and Uruguayan beef exports by the big United States packers during the years 1914 to 1917, inclusive, will be found on pp. 174–175.

of the companies concerned. The United States companies, as will appear later, maintained that they were able to carry on business without loss, even when prices of cattle in Argentina had greatly increased, while meat prices in the United Kingdom had suffered some decline. They were, of course, in a position to sustain heavy temporary losses, if necessary, in order to gain the ascendency in the South American export trade and increase their influence in the markets to which the meat was shipped. The case was quite different with the companies controlled by British and Argentine capital. A writer in the London Times[1] stated the matter as follows:

> The selling price of beef in this country has not been depressed, but, owing to the rise in Argentine costs, it has become impossible to ship chilled beef at a profit, and since chilled beef is the commodity with which the Anglo-Argentine Companies' future is bound up, heavy losses are being incurred.

The result, as this writer saw it, was that these companies were face to face with the alternative either of winding up their business and paying their creditors and shareholders in full, or of continuing to operate at a loss, possibly ultimately facing bankruptcy, unless Government action either in Argentina or Great Britain intervened "to check the American peril."

The Smithfield & Argentine Meat Co., which had paid 10 per cent dividends on its ordinary shares (common stock) both in 1911 and 1912, is reported to have sustained a loss of £35,000 in 1913.[2]

INVESTIGATION BY THE ARGENTINE GOVERNMENT.—That the position of the British interests in the Argentine meat export trade was regarded as serious even by the British Government is indicated by the fact that in May, 1913, only a month or so after the breaking up of the pool, the Argentine Government was approached by the British minister at Buenos Aires and informed that his Government "would watch with sympathetic concern any action which might be taken for the purpose of preventing the establishment of a monopoly in the meat export trade."[3]

This official action was followed in June, 1913, by a vigorous protest from the five Argentine companies[4] controlled by national and British capital in a joint note presented to the Argentine minister of agriculture. They asked the intervention of the National Government to prevent excessive exportation of meat "by the two concerns connected with the American Beef Trust." The protesting companies said that they were ready to produce proof that the prices at which Argentine beef sold in England relatively to those which had

[1] June 17, 1913, p. 17.
[2] Argentine Year Book, 1915–16, p. 355; London Statist, June 2, 1917, p. 1111.
[3] Report of Royal Commission on the Meat Export Trade of Australia, p. 21.
[4] The River Plate Fresh Meat Co., the Sansinena Co., the Las Palmas Produce Co. (Ltd.) owned by James Nelson & Sons (Ltd.), the Smithfield & Argentine Meat Co. (Ltd.), and Cia Frigorífico Argentino, which had not yet come under the control of the Sulzbergers.

been paid for steers in Argentina since the beginning of April, the date of dissolution of the pool, caused all the companies, without exception, a loss of \$30 to \$40 (paper currency) on every animal exported.[1]

As a result of the agitation against the unrestricted competition of the two United States companies, a special committee was appointed by the Argentine Congress to study the situation and to report on various proposals put forward.[2]

The companies controlled by the United States packing interests in presenting their case maintained that they could afford to sell meat in London at a mean annual price of 3½d. per pound, while they were paying from £13 10s. to £14 per head for cattle. They said they could do this because they could utilize the by-products more successfully than their rivals and because they had better marketing facilities in Europe. They asserted, moreover, that they bought only high quality cattle which would average 770 pounds dressed weight, and that 95 per cent of the carcass could be exported, whereas the Anglo-Argentine companies, it was stated, bought cheaper cattle, of which only 80 per cent could be exported.[3]

The special committee of the Argentine Congress presented three bills with a view to improving the situation in the meat-export business. The first was aimed at preventing a harmful trust in the Republic, the second provided for an immediate census of all animals in the country, and the third for an examination into the details of the home-meat trade.[4] Apparently, however, the Government decided to take no action in the matter. Opinion was divided in regard to the advisability or practicability of intervention. "It was alleged that any restriction by the Argentine Government of the output of the companies would be illegal without special legislation, and, further, Argentine stock-breeders were opposed to any action which would diminish the competition in the Argentine cattle market and lower the prices paid for cattle."[5]

Merger of British companies.—The same conditions which led to the investigation by the Argentine Government were probably largely responsible for the merger of two of the Argentine packing companies which were owned principally by British stockholders. These companies were the River Plate Fresh Meat Co. (Ltd.) and James Nelson & Sons (Ltd.), who owned the Las Palmas Produce Co. (Ltd.), the first companies established in Argentina which en-

[1] Argentine Year Book, 1915–16, p. 239.
[2] Report of Royal Commission on Meat Export Trade of Australia, p. 21.
[3] London Times, June 17, 1913, p. 7.
[4] Report of Royal Commission, p. 21.
[5] Board of Trade memorandum quoted in Report of Royal Commission, p. 20. See also article in London Times, previously cited, and Argentine Year Book, 1915–16, p. 239.

gaged in the export of refrigerated meats.[1] The details of this merger were announced to the stockholders March 30, 1914, and apparently were put into effect at the close of that year.

It was arranged that James Nelson & Sons (Ltd.) should absorb the River Plate Co., and that the name of the consolidated company should then be changed to the British & Argentine Meat Co. (Ltd.). The Nelson share capital was increased to £2,000,000 (preferred, £600,000: ordinary, £1,400,000). The stockholders of the old River Plate Co. were allotted 55 per cent of the stock in the new company and 45 per cent went to the stockholders in James Nelson & Sons (Ltd.)[2] It is stated in the Argentine Yearbook (1915–16, p. 238) that after the amalgamation had been effected the Las Palmas plant, which had a capacity of 500 cattle and 5,000 sheep daily, was shut down: but apparently the name of the Las Palmas Produce Co. (Ltd.) was retained.[3]

Section 5.—Renewal of the international pool.

About April, 1914, before the war of 1914–1919 began, the pool of all the packing companies operating in the River Plate region had been renewed. A full statement about the meetings of the Armour, Swift, Morris, and Sulzberger interests in this country in April-June, 1914, at which the affairs of this pool were discussed, including the proportion of exports to be allotted to each member, is given in Part II (pp. 99, ff.) of this report, which treats of the history and present status of the packers' combinations in this country and in South America. It is not necessary, therefore, to consider this aspect of the matter further at this point.

There seems to have been a slight improvement in the condition of Anglo-Argentine company affairs toward the close of 1913. At any rate, the British minister to Argentina, in reporting to his Government in December of that year, said that since the opening of the United States markets to Argentine meat[4] he had received no complaint from the British companies, and that he had been informed by them that they "now have some hopes of weathering the storm."[5]

If trade reports may be accepted as correct, however, conditions did not materially improve during the first half of 1914. The Statist reported that trading conditions were unsatisfactory for the first seven months of that year.[6] Weddel & Co., in their annual review

[1] The Sansinena company's plant was built earlier than the Las Palmas plant, but apparently was not equipped to enter the export trade till some years later. See p. 162, above.

[2] The Statist, May 26, 1917, p. 908; Journal of Commerce, Apr. 11, 1914.

[3] See figures of exports by companies as given in the Review of the River Plate, p. 174, below.

[4] See p. 166, above.

[5] Board of Trade memorandum quoted in Report of the Royal Commission, p. 20.

[6] Statist, May 26, 1917, p. 908.

of the frozen-meat trade, also stated that the excessive competition which had such a disastrous effect during 1913 continued with more or less intensity during the first seven months of 1914, and that "prices for stock were maintained at a level which precluded the possibility of any profit being made by operators."[1]

The immediate effect of the breaking out of the Great War at the beginning of August, 1914, was a still greater depression in the Argentine meat industry. For a few weeks no meat was exported on account of the precarious financial condition in South America, and the situation threatened to be serious for the United Kingdom. It was relieved by the British Government stepping in and arranging to purchase from the Argentine companies collectively a large quantity of meat for the troops. This was subsequent to August, 1914.[2]

Proportion of control of the Argentine-Uruguayan beef export trade by the four United States packers, 1914–1917.—In an earlier part of this chapter, in discussing the results of the competition which followed the dissolution of the packers' pool in 1913, a table was presented (Table 46, p. 167), which showed the proportion of total exports of beef controlled by the companies representing the big packer interests of the United States for the years 1910 to 1913, inclusive. To make clear the changes from the situation of the earlier period which affect the proportion of their control in 1914–1917, the facts as to new plants and companies should be noted.

New plants and companies.—As stated above, the Sulzbergers had entered the South American field shortly before the renewal of the pool. In January, 1914, they began to operate the Frigorífico Argentino, which they had leased from an Argentine company.[3] The merger of the River Plate company with James Nelson & Sons (Ltd.)[4] also took one from the number of British companies. These two changes, therefore, reduced the number of companies sharing with the United States interests in the River Plate packing business from five to three. These were the new British & Argentine Meat Co. (Ltd.), the Smithfield & Argentine Meat Co. (Ltd.), and the native Sansinena company. On the other hand, a new British company entered the field in 1916, making four beef-exporting companies in addition to the American companies. This new company is the Anglo-South American Meat Co., an Argentine corporation,

[1] Weddel & Co., Review of the Frozen Meat Trade, 1914, p. 15.

[2] Weddel & Co., Review of the Frozen Meat Trade, 1914, p. 16. The Review says in this connection, "The companies at the same time came to an understanding amongst themselves as to the proportions of this quantity to be handled by each, and the export trade has been conducted on that basis ever since." It is important to observe, however, as shown in Part II of the Federal Trade Commission's report, that pooling proportions were definitely under consideration by the companies, privately, some months before the war broke out.

[3] See p. 165, above.

[4] See p. 170, above.

which is controlled by the Union Cold Storage Co. (Ltd.), a British company, which also has holdings in Australia. Its plant at Zarate, in the Province of Buenos Aires, was completed in 1916.[1] In 1917 it supplied nearly 4 per cent of the total beef exports of Argentine and Uruguayan plants.[2]

Two other plants that do not appear to be at present engaged in the export beef trade are described in the footnote.[3]

New American plants have also been built in Argentina and Uruguay during the war period, increasing the American proportion of control.

In 1914 Armour enlarged his Argentine interests by undertaking the construction of a large modern plant, fully equipped to go into the export business. This frigorifico, known as Armour's La Plata plant, is located at La Plata, Argentina, and is said to be the largest in South America.[4] It was built in 1914–15. The works cover 20 acres and are said to have cost $3,500,000 gold.[5] At the time this plant was opened for business in July, 1915, it was described by a writer in The Americas[6] as "admittedly the largest, finest, and most perfectly appointed packing house ever built anywhere."

The exports from this plant even in the six or seven months it operated in 1915 made up more than 6 per cent of the total for all companies, and in 1916, the first full year of operation, 12 per cent.[2]

It was stated in 1915 that a fleet of 10 refrigerator steamships would be operated to carry the products of this plant, running on a regular 18-day schedule, half of them to North America.[6]

The La Plata plant is operated by the Frigorífico Armour de la Plata, Sociedad Anónima, with principal business office at Buenos Aires. This company was registered in Argentina July 14, 1911.

A new Morris plant has recently been built in Montevideo, Uruguay, by the Frigorífico Artigas, Sociedad Anónima, which was in-

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[1] Commerce Reports June 20, 1918, p. 1096; Review of the River Plate, Oct. 8, 1915, p. 789; Interim Report of Committee appointed by the British Board of Trade on Increase of Prices of Meat, Milk, and Bacon, Cd. 8358, 1916, pp. 10 and 11.

[2] See table 47, on the following page.

[3] *Frigorifico Santafecino.*—There is a small packing plant known as Frigorífico Santafecino, at Venado Tuerto, in the Province of Santa Fe, which began operating in 1917. It seems to have been engaged at first only in canning; but it was planned later to ship chilled and frozen beef. (Review of the River Plate, July 13, 1917, p. 73.)

The Farthest South Packing Plant.—There is a packing plant at Punta Arenas, Patagonia, 1,400 miles south of Buenos Aires, said to have a capacity of 3,000 sheep a day, and storage rooms to accommodate 1,000 tons of mutton. Presumably no cattle are slaughtered at this plant, but in addition to the slaughterhouse and freezing works there are soap works and a canning plant. (National Provisioner, Aug. 11, 1917, p. 16.) The first shipment of 14,000 mutton and lamb carcasses from this plant was made in the summer of 1917, and it was reported that arrangements had already been made to double the capacity of the plant for the next season. (Review of the River Plate, Sept. 21, 1917, p. 701.)

[4] Commerce Reports, June 20, 1918, p. 1096.

[5] Argentine Year Book, 1915–16, p. 240.

[6] The Americas, July, 1915, p. 27.

corporated in Uruguay in 1916. The capital stock is $2,000,000 (common), of which Morris & Co. own $1,700,000. It is reported that some of the leading estancia (ranch) owners of Uruguay are interested in this company. The canning department began operation in October, 1917, and the company is presumably now shipping in the export trade.

According to a statement in the Review of the River Plate this frigorifico is "the last word in packing-house construction." The original designs for it were drawn from "plans found to be the most in accord with the views of the leading inspectors of the Bureau of Animal Industry of the United States." The normal daily capacity is 1,000 cattle and 3,000 sheep, with arrangements to enlarge the capacity, if necessary. A hog-killing department was also installed.[1]

Statistics of proportion of control.—In the following table the figures given in Table 46, page 167, are brought down through the year 1917. The changes in the companies listed in the present table and those listed in the table for 1910–1913 have already been explained.

TABLE 47.—*Beef exports from Argentina and Uruguay—Number of frozen and chilled quarters exported, by companies, 1914–1917, calendar years.*[1]

Company or plant.	1914		1915		1916		1917	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
La Plata (Swift)	1,568,101	29.3	1,382,992	24.0	1,299,804	19.6	910,061	15.2
Frigorifico Montevideo (Swift)	605,814	11.3	896,665	15.6	816,194	12.3	787,978	13.1
La Plata (Armour)	....	....	356,845	6.2	804,174	12.1	750,868	12.5
La Blanca (Armour and Morris)	858,338	16.0	721,477	12.5	739,715	11.1	684,904	11.4
Argentino Central (Wilson)[2]	357,899	6.7	376,645	6.5	354,406	5.3	312,369	5.2
Total United States companies	3,390,152	63.3	3,734,624	64.8	4,014,293	60.4	3,446,180	57.4
Las Palmas (Nelson)[3]	884,443	16.5	866,104	15.0	1,536,272	23.1	1,480,911	24.7
Smithfield and Argentine	375,544	7.0	302,428	5.2	345,156	5.2	326,494	5.4
Sansinena	355,993	6.6	362,427	6.3	360,821	5.4	247,689	4.1
Frigorifico Uruguaya[4]	354,186	6.6	500,030	8.7	346,207	5.2	267,904	4.5
Anglo-South American	....	....	....	....	47,991	.7	235,194	3.9
Total	5,360,318	100.0	5,765,613	100.0	6,650,740	100.0	6,004,372	100.0

[1] Compiled from annual summaries published in the Review of the River Plate.
[2] Formerly the Frigorifico Argentino; operated by the Sulzbergers beginning January, 1914.
[3] Includes River Plate Fresh Meat Co.
[4] Owned by the Sansinena company.

The position of the United States companies in the Argentine-Uruguayan field was greatly strengthened by breaking away from the old pool which had existed from late in 1911 till April, 1913. As a result, and largely through the competition of their new plants,

[1] Review of the River Plate, Nov. 2, 1917, pp. 1081 and 1083. See also Weddel & Co., Review of the Frozen Meat Trade, 1917, p. 15.

they secured in the new pool of 1914 an increased proportion of the exports. This is evident, as a broad fact, from a comparison of the table just given with Table 46 (p. 167). Thus, in 1910 the United States companies were exporting 42 per cent of the beef, in 1911, 46 per cent, and in 1912, during all of which year the old pool was in effect, 40 per cent. Their exports in 1913, when the old pool was dissolved, increased to 55 per cent of the total; in 1914 (in the first part of which year no pool existed) they were 63.3 per cent; and in 1915 they reached 64.8 per cent.

In 1916 and 1917, however, the proportion of beef exported by the United States companies declined to 60.4 per cent and 57.4 per cent, respectively.

Examination of the changing percentages for the years 1914 to 1917 would indicate that the operation of the new pool privately arranged by the British, Argentine, and United States packers in 1914 prior to the outbreak of the war, was more or less disturbed by conditions growing out of the war. Thus, the original intention of the pool to export beef to the United States in agreed proportions was interfered with by the impossibility of obtaining shipping facilities for this movement, the exports being diverted to Europe.

What private changes the companies may have made in the agreed percentages because of war conditions, the evidence available to the Commission does not show. The complete control exercised by the British Government over imports of meat into the United Kingdom (see p. 177 and p. 191) may account for the great increase in the proportion of beef exports by the British-owned Las Palmas company (from 15 per cent in 1915 to 24.7 per cent in 1917) and for the falling off of the share of the United States companies and the Argentine-owned Sansinena companies.

The detailed percentages given, by companies, in Table 47 offer interesting comparisons with those for the earlier period in Table 46, when considered in connection with explanations already made about the new plants and companies.

Section 6.—Summary of the four United States packers' proportion of the Argentine-Uruguayan beef export trade, 1910–1917.

For convenience a summary of Tables 46 and 47 is here given, directing attention to the increased proportion of the export trade in beef which has been attained by the United States packers.

The beef export totals for the four-year period of Table 46, on page 167, taken in connection with those of Table 47, on page 174, give the following figures (Table 48) of number of quarters exported from Argentina and Uruguay from 1910 to 1917, inclusive, with the number and percentage exported by the companies controlled by the big

United States packer —Swift & Co., Armour & Co., Morris & Co., and Wilson & Co., Inc.:

TABLE 48.—*Beef exports from Argentina and Uruguay—Number of frozen and chilled quarters, with percentage exported by United States companies,[1] 1910–1917, calendar years.*

Year.	Total exports, quarters.	Exports by United States companies.[1]	
		Quarters.	Per cent.
1910	3,042,688	1,278,719	42.0
1911	[2] 3,775,285	1,743,734	46.2
1912	4,356,251	1,747,993	40.1
1913	4,534,274	2,494,024	55.0
1914	5,360,318	3,390,152	63.3
1915	5,765,613	3,734,624	64.8
1916	6,650,740	4,014,293	60.4
1917	6,004,372	3,446,180	57.4
Total, 8 years	39,489,542	21,849,719	55.3

[1] Being the companies controlled by Swift & Co., Armour & Co., Morris & Co., and Wilson & Co., Inc.

[2] The total for 1911, as given in the Review of the River Plate, is 3,825,285. However, the sum of the items, as given therein is only 3,775,285. This latter number has been used as the total, since it is impracticable to locate the error.

The proportion of the beef exports controlled by the four United States packing companies is striking. It is significant of their power and the rapidity of their action that in 1910, three years after their entrance into the River Plate field, they had secured control of over 40 per cent of the trade; that in 1915 they had substantially 65 per cent, falling in 1917 to 57 per cent; and that their weighted average control during the eight years from 1910 to 1917 was 55 per cent. In this period they exported nearly 22,000,000 quarters of beef from these two South American countries, which represents well over 5,000,000 head of cattle.

Weddel & Co., whose Review of the Frozen Meat Trade has been frequently quoted in this Report, is authority for the statement that in 1916 the four North American firms operating in the River Plate district handled 34 per cent of the world's output of frozen and refrigerated meat, as against 28 per cent in 1913.[1]

As to the conditions in the Argentine-Uruguayan beef export trade as a whole, Table 48 shows a steady and rapid increase from slightly more than 3,000,000 quarters in 1910 to more than 6,650,000 quarters in 1916. In other words, these exports more than doubled in a period of six years. There was, however, a drop in the total beef exports in 1917 from about 6,651,000 quarters to about 6,004,000. This seems to have been due to lack of sufficient tonnage in vessels equipped with refrigerating facilities, to strikes in some of the packing houses, and to unfavorable rates of exchange.[2]

[1] The Economist, June 23, 1917, p. 1149.

[2] Weddel & Co.'s Review for 1916, quoted in the South American Journal, Feb. 10, 1917.

Weddel & Co., in their Review of the Frozen Meat Trade for 1916, published early in 1917, state that freezing plants were standing practically idle solely because more steamers were not available, and that plants in Argentina, Uruguay, and Patagonia were not being utilized to more than two-thirds of their aggregate capacity.[1] Presumably the exports of 1916 were also somewhat lower on this account than they otherwise would have been.

It is, of course, impossible to say to what extent the growth of exports of beef from Argentina and Uruguay has been due to the exceptional conditions brought on by the war of 1914–1919. The steady and rapid increase in the totals from 1910 to 1913, inclusive, seems to indicate that the normal increase in a time of peace might be expected to be fully as great as it has been in the four-year war period. In fact, it will be seen that the per cent of increase in the figures of beef exports for the year 1913 over those of 1910 is almost exactly the same as the per cent of increase of the 1916 total over that for 1913.

Section 7.—British Government's regulation of prices of meat exported from the River Plate district.

The following statement of the measures taken by the British Government for regulation of prices of meats imported from Argentina and Uruguay is copied from an interim report by a Departmental Committee on Prices, appointed by the Board of Trade. The report was submitted September 22, 1916.[2]

The settlement of prices has from an early stage been entrusted to Sir Thomas B. Robinson, K. C. M. G., Agent-General for Queensland, who, with the consent of his Government, placed his services at the disposal of the Board of Trade, and has subsequently negotiated the purchases of the French and Italian Governments, competition in buying being thus advantageously averted. Under the preliminary British contract, prices were fixed according to the market rate of the week following the landing of the meat. A new contract was made with the River Plate meat companies from 1st May, 1915, which lasted till 30th June, 1916. Though the quantity to be provided was more than double that arranged for in the first contract, the price was little higher than the average of those previously paid, and actually lower than the landed value of cargoes being delivered at the time the second contract came into force.

Seeing, however, that the beef demand of the Allied Forces exceeds the total importation into the United Kingdom in 1913, no practicable pressure could have prevented a great advance on previous prices. A new contract has now been negotiated for a still larger supply from the River Plate at a price 7 per cent above that of the second contract. This will run till three months after the end of the war, subject to three months' notice on either side. Save for the meat available for importation on the private account of the meat companies, this contract covers the whole production of the flocks and herds of the

[1] Weddel & Co.'s Review for 1916, quoted in the South American Journal Feb. 10, 1917, p. 139.

[2] Interim Report on Meat, Milk, and Bacon, p. 9, pars. 11 and 12.

Argentine and Uruguay. The general opinion of expert witnesses, in which the Committee concur, is that, considering all the circumstances of an abnormal situation, the buying on behalf of the Board of Trade has been economical.

Section 8.—War-time prosperity of the River Plate packing companies.

The war period has evidently been one of prosperity for the Argentine and Uruguayan packing companies, in spite of transportation difficulties, labor troubles, and adverse conditions in international exchange. In reviewing conditions in the year 1917 Weddel & Co. say:

> Despite unfavorable rates of exchange, extensive labor troubles, and a reduced output, the past year was apparently a very profitable one for most of the Argentine freezing companies, as much on account of their large Army contracts as on account of the high prices obtainable on the British market. Good dividends and large increases in capital, as well as extensions to freezing works, were reported.[1]

The British companies have been able to pay large dividends free from income and excess profits taxes. The Smithfield & Argentine Meat Co. (Ltd.) paid 15 per cent in dividends and bonuses each year from 1915 to 1917, inclusive. From the surplus profits of this company in 1917, £20,000 was transferred to reserve funds, raising the total of these funds to £129,896.[2] The chairman of this company in his annual report for 1917, commenting on the dividend payments, says:

> It must be borne in mind that this distribution has been maintained in spite of the great increase in the incidence of both excess profits duty and income tax, also in face of the increased Ordinary capital of the Company ranking for dividend. These results have been obtained by largely increasing the capacity of our works, and consequently the output. * * * The turnover of our business has now reached a point when the Government contracts placed with us are of such volume that additional capital is necessary.[3]

The chairman of the British Argentine Meat Co. (Ltd.) reported that his board had considerably increased and improved the working arrangements of their plant at Campana during the year 1917, and that they were also making extensions and labor-saving arrangements, with the object of placing themselves in a position to work under the most favorable and economical conditions on the return of peace. This company increased its reserve fund in 1917 from £200,000 to £325,000. While neither the amount nor rate of dividends for 1917 are stated in the Statist's report of the annual meeting, it is evident that profits and dividends were very satisfactory.[4]

INCREASE IN CAPITALIZATION.—One evidence of the present prosperity of the River Plate packing companies is the very general in-

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[1] Review of the Frozen Meat Trade, 1917, p. 15.
[2] The Statist, June 1, 1918, p. 950.
[3] The Statist, June 8, 1918, p. 1013.
[4] The Statist, Apr. 27, 1918, p. 742.

crease in capitalization for the purpose of enlarging their plants, which has recently taken place. A proposal was submitted to the shareholders of the Smithfield & Argentine Meat Co. (Ltd.) at a meeting held June 7, 1918, to increase the authorized capital from £1,000,000 [1] to £1,500,000, by the issue of £500,000 in 7 per cent cumulative £1 preference shares.[2]

At a meeting of the stockholders of the Swift Uruguay company, Sociedad Anónima Compañía Swift de Montevideo, held November 30, 1917, it was decided to increase the capital stock from $4,000,000 to $6,000,000 (Uruguayan),[3] which is the capitalization recently reported to the Commission by Swift & Co. for this company.

Swift's Argentine company, Compañía Swift de la Plata, Sociedad Anónima, has also recently increased its capital stock, the increase being from $7,500,000 to $12,500,000 gold.[4]

Authority has recently been granted to increase the common stock of Armour's Argentine company, Frigorífico Armour de la Plata Sociedad Anónima, from $3,000,000 to $10,000,000. There is no preferred stock.

Section 9.—Recent investigations by the Argentine Government.

Reference has already been made to an investigation of the packing companies by the Argentine Government in 1913, from which no definite action seems to have resulted (p. 169 above). Recently this industry has again received the attention of a congressional committee in connection with an investigation of the high cost of living. The president of the committee of the Argentine House of Deputies, which was charged with the duty of making this investigation and recommending measures for reducing the high prices of the necessaries of life, addressed a note to the president of the Argentine Rural Society, in July, 1917. In this note, as summarized in the Review of the River Plate, he states that a number of cattle farmers are speaking of the abnormal situation which has arisen with respect to their interests, in view of the combination of the freezing companies in the fixing of prices of live stock. The note continues:

> These establishments are foreign and they consider our land as a field for lucrative exploitations and nothing more. In accordance with this point of view, they suppress real competition, maintaining it only in appearance, and they determine by common agreement, the prices which are to be paid to producers, reserving to themselves the right to sell at the highest price possible in order to obtain enormous profits which do not remain in the country. Thus it

[1] Of which £625,000 in £1 ordinary shares has been issued.
[2] The Statist, June 1, 1918, p. 950.
[3] Review of the River Plate, Nov. 23, 1917, p. 1265, and Dec. 14, 1917, p. 1449.
[4] Review of the River Plate, Nov. 2, 1917, p. 1077, announced that a meeting of shareholders would be held Nov. 12 to consider this increase in capital stock. The schedule furnished to the Commission for this company gives the capital stock as $12,500,000, common; no preferred.

is that these freezing companies have been able to show in their latest balance sheets more than 100 per cent of profits, that is to say, that in a single year they have made more than their capital. These amounts are withdrawn from the country, through one of its most powerful extractive industries, and from those who work in the establishments without participating in the profits. * * * Here the freezing companies contract with the foreign purchaser, who is to-day owing to circumstances of the war, a single party, since the Allied Governments have concentrated their purchases in a central office, and having made their agreements at prices which they raise as high as possible, they purchase the live stock from the producers, imposing upon them the law of the strongest.

It is thus that the price of live stock having fallen considerably since the commencement of the war up to the present time, as regards exports, this decline has had no influence on the price of meat which is consumed in the country. The fall has only benefited the intermediaries who are at the same time its authors. There ought to be a remedy for this, because the profits of our great industries ought not to be translated into the fabulous dividends of foreign companies, some of whose shareholders pay income tax to the Crown of England, or those of other countries. We have the right, and it is our duty, to defend ourselves. The Parliamentary Committee engaged on the study of lowering the cost of living have already proposed measures tending to combat monopolies and to place the producer in contact with the consumer. This, is an internal initiative, but other initiatives are lacking.[1]

As late as January, 1918, a resolution was passed by the Argentine Chamber of Deputies to appoint a committee to investigate whether certain staple articles of consumption, meat being specifically included in the number, are controlled by trusts.[2]

Section 10.—The packing business in Brazil.

The packing industry in Brazil is of very recent origin and has doubtless been greatly stimulated by the increased demand due to the war. The first experiment in shipping beef from that country to Europe was made in the fall of 1914. A shipment received in Liverpool in November of that year arrived "in excellent chilled condition" and was found satisfactory, though not up to the standard of the best River Plate beef.[3] In the first year of export trade (1915), Brazil shipped about 8,000 tons, in 1916 the amount was increased to 33,130 tons, while in 1917 the exports of beef were 66,450 tons. These shipments went chiefly to the continent of Europe for the use of the Italian and French Armies. Weddel & Co. predicted a further expansion in these shipments in 1918.[4] The value of beef exported from Brazil during the first 11 months of 1916 was stated to be over $6,760,000, as against only $1,170,000 in the corresponding period in

[1] Review of the River Plate, July 6, 1917, pp. 15–16. The "Anales de la Sociedad Rural Argentina," July, 1917, p. 433, refers to this note from the president of the committee of the House of Deputies, but does not give the text.

[2] Diario de Sesiones, Cámara de Diputados, Jan. 10, 1918, p. 3785.

[3] Weddel & Co. Review of the Frozen Meat Trade, 1914, p. 16.

[4] Review of the Frozen Meat Trade, 1917, p. 15.

1915.[1] The United States consul general at Rio de Janeiro has stated that the Brazilian exports "appear to have been in the hands of comparatively few houses. In fact, it is said that practically all were handled by one firm."[2]

A shipment of 100 tons of frozen beef from Santos, which arrived in New York July 31, 1915, is said to have been the first Brazilian shipment to the United States.[3]

The first modern packing plant established in Brazil began operations in April, 1913. It is owned by Brazilian capital, being operated by the Companhia Frigorifica e Pastoril do São Paulo. The controlling interest (51 per cent) is said to be held by Señor Antonio Prado and the balance by the Paulista Railway. The plant is situated at Barretos, about 300 miles northwest of São Paulo, so that the cattle are killed in the district in which they are fattened. The chief object at first was to supply the city of São Paulo with fresh beef, and the meat is carried in refrigerator cars from the plant to the city. In 1915 the company began to export meat to Europe. The plant is not a very large one. The capacity in the fall of 1917 was stated as only 350 cattle per day. The cost is given as $1,250,000 (United States currency) and the number of employees as 300—Brazilians and Italians, with an English superintendent. The company owns 10,000 cattle and 1,500,000 acres of land in the States of São Paulo and Matto Grosso.[4]

UNITED STATES PACKERS IN BRAZIL—*The Wilson plant.*—The Sulzbergers were the first of the big United States packers to enter the Brazilian field. They obtained a concession for the construction of a plant at Osasco, not far from São Paulo. Work on this plant was begun in March, 1914, and it began to operate in May, 1915. Six weeks after starting it was slaughtering 2,500 cattle and 1,000 hogs each week, and by August 1 the plant was working at full capacity. From May 6, 1915, to January 1, 1916, over 40,000 head of cattle and 15,000 hogs were slaughtered. Refrigerating space for 2,000 tons of meat was provided. The buildings at this plant are all constructed with two floors and on the unit system, so that any department can be extended without greatly increasing labor costs. The works are described as very sanitary and up-to-date, and are managed by Americans, employing Brazilian labor exclusively.[5] The daily capacity was stated in the fall of 1917 as 800 cattle, 250 hogs, and a few sheep.[6]

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[1] Commerce Reports, Mar. 2, 1917, p. 828.
[2] Commerce Reports, Mar. 19, 1917, p. 1037.
[3] Journal of Commerce, Aug. 2, 1915.
[4] Pan American Magazine, March, 1916, pp. 357–360; Review of the River Plate, Oct. 5, 1917, p. 827, and Oct. 26, 1917; also Commerce Reports, Mar. 2, 1917, p. 825.
[5] Pan American Magazine, March, 1916, pp. 348–353.
[6] Review of the River Plate, Oct. 5, 1917, p. 829.

This plant is operated by the Continental Products Co., 23 per cent of whose stock is owned by the Sulzberger Products Co., a subsidiary of Wilson & Co., Inc. A majority of the stock of the Continental Products Co. is owned by the Brazil Land, Cattle & Packing Co., a subsidiary of the Brazil Railway Co.

The Brazil Land, Cattle & Packing Co. owns 5,000 acres of pasture land, on which the cattle slaughtered at the Continental Products Co.'s plant are rested after their journey from the interior of Brazil.[1]

The Brazil Railway Co., through a subsidiary, the São Paulo-Rio Grande Railway, secured rights in a vast area of land included in the railway concession granted by the Federal Government of Brazil. These lands cover an area of about 6,000,000 acres.[2]

Armour and Swift plants.—Both Armour and Swift entered the Brazilian field by operating plants devoted chiefly to canning and the preservation of jerked beef. Armour had such a plant at Livramento, and Swift at Rosario, both in the State of Rio Grande do Sul, the extreme southern part of Brazil.[3] In 1917 both of these packing interests made preparations for entering the export trade.

The Swift interests in Brazil are represented by the Companhia Swift do Brazil, which was incorporated in Maine in November, 1916. By a decree signed by the president of Brazil, March 7, 1917, this company was granted authority to operate in that country.[4] Another decree, signed May 31, 1917, authorized the Compagnie Françaíse do Rio Grande do Sul to sell the Swift Co. of Brazil about 56 acres of land, comprised within the port works of Rio Grande do Sul, for the purpose of erecting freezing plants. The Port company was also authorized to lease or sell to the Swift company a warehouse and wharf. It is reported that the canning and jerked beef plant at Rosario will also in time be transformed into a modern refrigerating plant.[5]

A decree of July 11, 1917, authorized the Companhia Armour do Brazil, with principal offices at Sant' Anna do Livramento, State of Rio Grande do Sul, to operate in Brazil under existing laws.[6] The company was incorporated on the same date for a term of 50 years. It operates the plant at Livramento, known as Frigorifico Livramento. The nucleus of this establishment was the old jerked beef plant of the former Irigoyen Co.

The United States Consul at Rio Grande do Sul reported June 1, 1917, that work on the buildings was then in progress and efforts

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[1] Pan American Magazine, March, 1916, pp. 348–358.

[2] Moody's Manual of Railroads, 1918, p. 136.

[3] Daily Commerce Reports, Aug. 7, 1917, pp. 489–490; article in the Annalist, New York, quoted in the Review of the River Plate, Oct. 5, 1917, p. 853.

[4] Commerce Reports, Apr. 24, 1917, p. 318.

[5] Commerce Reports, July 16, 1917, p. 184; Aug. 7, 1917, p. 490; also Review of the River Plate, Oct. 5, 1917, pp. 829 and 856.

[6] Commerce Reports, Sept. 7, 1917, p. 911.

were being made to have the plant sufficiently completed to begin canning in October, this department to have a capacity of 400 cattle a day. It was also planned to have the refrigerating department in operation by the end of the year 1917, with a capacity of 800 cattle daily. The plans also included a soap factory with a daily capacity of 50,000 pounds, with other departments, including modern installations for the production of lard, canned tongues, leather, and other by-products; also transportation of meats in the company's own refrigerator cars.

It was thought that the work on the entire plant would continue over a period of three years, with an outlay of $5,000,000 for plant and equipment, and that in the two years following additions would be made, which would bring the total investment up to $7,500,000, United States currency.

The consul's report further stated that particular attention would be given to pork products. High-grade breeding stock had already been ordered from the United States, which were to be distributed under favorable terms of sale among the agricultural colonists of the State; and the company intended to encourage in every way the careful breeding of swine on an extensive scale. It also planned to raise cattle in large numbers.[1]

It was stated in the Review of the River Plate, October 5, 1917 (p. 827), that canning operations had begun at the Frigorifico Livramento. The capacity of the plant was given as 1,500 cattle, 2,000 sheep, and 1,000 pigs daily.

The United States consul general at Rio de Janeiro reported, July 17, 1917, that Armour & Co. were about to begin the erection of a very large plant 4 miles from São Paulo, the contract for the buildings already having been let. The plans called for a plant that could handle 2,000 cattle, 3,000 hogs, and 2,000 sheep a day when running at full capacity, and a force of 3,000 employees. The consul general also says:

> One of the plans of the company which is exceedingly interesting, because it will mean so much eventual good to Brazil, is the establishment of a breeding department that will be stocked with high-bred cattle, hogs, and sheep. It is proposed to institute through this department an active campaign of education among breeders and to loan them stud animals when necessary, as well as to sell breeding animals practically at cost prices.[2]

OTHER BRAZILIAN PACKING COMPANIES.—*Brazilian Meat Co.*—In 1917 the Brazilian Meat Co. was incorporated in Brazil by Mr. F. Ellis, an Englishman, said to be in the employ of Vestey Bros., packers, who have interests in the United States, England, and other countries. This company has a plant at Mendez, on the Central Railway of Brazil, about 50 miles from Rio de Janeiro. An estab-

[1] Commerce Reports, Aug. 7, 1917, pp. 489–490.
[2] Commerce Reports, Aug. 22, 1917, p. 691.

lishment of the most modern type was planned, with a daily capacity of 700 head, but in September, 1917, the daily killings were only from 250 to 300 head.[1]

Union Cold Storage Co.—It was reported in the Review of the River Plate, October 5, 1917 (p. 829), that this company had also recently erected a plant at Mendes. The capacity is not stated. This company operates in Argentina under the name of the Anglo-South American Meat Co. (see p. 172).

Companhia Britanica do Carnes.—In the same issue of the Review of the River Plate (p. 827), it was stated that the British & Argentine Meat Co. had recently started preparing and exporting frozen beef from Rio de Janeiro, their local company bearing the name Companhia Britanica do Carnes. The capacity of the plant is given as 3,000 per month. The British & Argentine Meat Co., which is one of the largest concerns operating in Argentina, is referred to above (see p. 171).

In addition to the packing plants which have been mentioned, the Port company (a subsidiary of the Brazil Railway) has a chilling and freezing plant of modern type at Rio de Janeiro. It does no slaughtering, but chills and freezes for export the cattle killed at the municipal slaughterhouse of Santa Cruz near Rio de Janeiro.

It was reported early in 1917 that the Ranchmen's Society (União dos Criadores) of the State of Rio Grande do Sul was planning to erect a packing plant at Pelotas in that State.[2]

A decree of April 11, 1917, approved the construction of a packing house on the docks of the port of Santos by the Santos Dock Co. (Companhia Docas de Santos.)[3]

Section 11.—Other South American packing plants.

Paraguay.—The United States consul at Asuncion, Paraguay, reported May 26, 1917, that the Central Products Co. was about to begin the construction of a refrigerating and meat-packing plant at a point called San Antonio, near Asuncion, representing a total capitalization of $5,000,000 United States currency, $2,000,000 being the value of the plant and grazing lands and $3,000,000 the operating capital. Machinery and equipment for the plant were to be brought from the United States. The company planned to construct two refrigerating and four cattle boats to take care of river transportation for the plant. The following is Consul Balch's statement in regard to the importance of the opening up of the packing industry in Paraguay:

> The establishment of this meat-packing plant in Paraguay will develop the cattle industry, which is probably the country's greatest source of wealth. The

[1] Commerce Reports, Mar. 2, 1917, p. 825, and Sept. 29, 1917, p. 1202.
[2] Commerce Reports, Mar. 2, 1917, p. 825.
[3] Commerce Reports, May 31, 1917, p. 806.

official estimates show that there are more than 4,000,000 head of cattle in Paraguay; and as the market has hitherto been limited almost entirely to Argentina, the prices of cattle are comparatively low. While there is no Government land available, there is much unoccupied land, owned by private parties, that could be converted into ranches for the raising of cattle.

The bringing of money into the country, once the plant is in operation, will increase the buying capacity of the people and should open a field for a larger market for American manufactures in Paraguay.[1]

The capacity of the plant, as planned, was to be 4,000 head of cattle daily.[2]

The Central Products Co. is owned by the International Products Co., in which the Armour interests constitute 12 per cent and the Sulzberger interests 7 per cent. The American International Corporation, in which J. Ogden Armour is one of the larger individual stockholders, also owns part of the stock of the International Products Co.

CHILE.—There are a few meat-freezing plants in Chile, but apparently they are confined to the slaughter of sheep and lambs. Some companies engaged in this business are said to be making profits of 100 per cent a year for their shareholders. A new company was formed in 1917 in Punta Arenas to build a meat-freezing works at Ultima Esperanza, Magallanes Territory. The name of this company, which seems to be owned by native Chileans, is La Compañía Frigorífica de Puerto Natales. The capital stock is £100,000, and the capacity of the plant was to be about half a million sheep a year.[3]

VENEZUELA.—At Puerto Cabello, Venezuela, the Venezuelan Meat & Products Syndicate has a packing plant, which was being enlarged in 1917 to bring the capacity up to 500 head of cattle per day.[4]

Section 12.—List of South American companies controlled by or associated with the four United States packers.

The names and addresses of the South American companies reported to the Commission by the big United States packers are as follows:

Armour & Co.:

Armour del Uruguay, Montevideo, Uruguay.[5]
Companhia Armour do Brazil, Sant' Anna do Livramento, Brazil.
Compañía Financiera e Industrial, Montevideo, Uruguay.[6]
Frigorífico Armour de la Plata, Buenos Aires, Argentina.

Armour & Co. and Morris & Co.:

Sociedad Anónima la Blanca, Buenos Aires, Argentina.

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[1] Commerce Reports, July 16, 1917, p. 186.
[2] Moody's Cumulative Digest, May, 1917, p. 110.
[3] Commerce Reports, Aug. 30, 1917, p. 809; see also Commerce Reports, Feb. 10, 1916.
[4] Commerce Reports, Sept. 7, 1917, p. 902.
[5] In process of organization.
[6] Being organized as a holding company for Armour's South American companies.

Armour & Sulzberger:

Central Products Co.,[1] New York City.[2]

International Products Co.,[3] New York City.

Swift & Co.:

Compañía Swift de la Plata, Buenos Aires, Argentina.

Compañía Swift Internacional, Ltd., Buenos Aires, Argentina.

Compañía Swift de Montevideo, Montevideo, Uruguay.

Compañía Paraguaya de Frigorífico y Carnes Conservadas, Asunción, Paraguay.

Companhia Swift do Brazil, Chicago, Ill.[4]

New Patagonia Meat & Cold Storage Co. (absorbed by Swift de la Plata)

Morris & Co.:

Frigorífico Artigas, Sociedad Anonima, Montevideo, Uruguay.

Wilson & Co., Inc.:

Frigorífico Wilson de la Argentina, Buenos Aires, Argentina.

Sulzberger Products Co.[5]

Continental Products Co.,[5] São Paulo, Brazil.

Frigorífico Wilson do Brazil,[6] Brazil.

AUSTRALASIA.

Section 13.—United States packers in Australia and New Zealand.

Meat slaughtering in Australia is to a large extent under some form of government control or operation, State or municipal, not Federal. In the different States of the Commonwealth, however, meat for export is produced almost exclusively in private abattoirs. This is true in Queensland, where the bulk of the export beef originates; also in New South Wales, the chief State exporting mutton. Speaking generally, it may be said that all Australian export meat comes from privately owned abattoirs. Meat for local consumption is largely the output of State or municipal slaughterhouses.

Slaughtering in Queensland is entirely a private business, and since this State furnishes five-sixths of the beef exported from Australia, the principal plants slaughtering cattle for export are located there.[7]

Swift interests.—Swift & Co. was the first of the United States companies to establish a packing plant in Australia, incorporated

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[1] Controlled by International Products Co.

[2] Principal office in New York City, but operates a packing plant in Uruguay.

[3] Holding company for the Central Products Co. Armour and Sulzberger own 19 per cent.

[4] Principal office, but operates a plant at Rio Grande do Sul, Brazil.

[5] Sulzberger Products Co., 100 per cent owned by Wilson & Co., Inc., owns 23 per cent of stock of Continental Products Co., with a packing plant at São Paulo, and manages its business. The majority of the stock of the Continental Products Co. is owned by Brazil Land, Cattle & Packing Co., a subsidiary of the Brazil Railway Co.

[6] In process of organization, April, 1918; to be affiliated with Frigorífico Wilson de la Argentina.

[7] From a statement of Commercial Attaché Philip B. Kennedy, in Commerce Reports, Aug. 16, 1916, pp. 615–616.

July 15, 1912, under the name of the Australian Meat Export Co. The powers contained in the memorandum of association were "of the wide and comprehensive character customary with modern companies."[1] The entire capital stock is held by Swift & Co.

The Swift Australian company built a plant on the Brisbane River, in Queensland, which was opened in June, 1914, with a daily capacity of 500 cattle and 2,500 sheep; but at first the killings amounted to only 900 to 1,000 cattle per week. In the first month of operations a shipment was made to the Swift Beef Co. in England, and arrangements were made for shipments in August and September to the Pacific coast of North America. The estimated cost of this plant was £500,000.

In addition to building this plant, the Swift company bought the Alligator Creek canning works at Townsville from the North Queensland Meat Export Co. The company then built a cold storage plant and installed refrigerating machinery, the cost being estimated at £200,000 to £250,000, in addition to the original outlay for the canning plant and supplies on hand.[2] The following comment, attributed to Mr. Meeker, vice president of Armour & Co., is found in a memorandum book of Germon F. Sulzberger.

> He explained regarding H's [Swift & Co.'s] plant in Australia that this was located in a district with twelve other plants and was built of such size and capacity that in order to run it would require about three-quarters of all the cattle in the district, and that surely these twelve other plants would not shut down and allow H to get these plant requirements.

ARMOUR INTERESTS.—Armour & Co. reports as one of their subsidiaries Armour & Co. of Australasia, Christ Church, New Zealand. One of the directors of this company, testifying before an investigating committee in New Zealand in September, 1917, said that his company had done a good deal of business in New Zealand last season, and explained that the capital was furnished by the Bank of New Zealand against the personal guaranty of J. Ogden Armour. The witness stated, however, as reported in the Auckland Star, that his own company, Armour & Co. of Australasia, had nothing to do with Armour & Co. of Chicago. This witness further stated his company's business for the past year in New Zealand as follows: It had bought 174,000 lambs, 94,000 sheep, 6,000 head of cattle, and 35 pigs. The total shipments to September 25 were, 26,227 lambs, 37,900 sheep, and 17,715 quarters of beef. The company had had 22 buyers at the beginning of the year, and had 16 at the time the statement was made.

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[1] Report of the Royal Commission on the Meat Export Trade of Australia, April, 1915, Cd. 7896, pp. 25–26, referred to hereinafter as "Report Royal Commission, 1915."

[2] Report of Royal Commission, 1915, p. 26; Commerce Reports, Aug. 16, 1916, p. 616.

In answer to a question by a member of the committee whether his company was going into the butter and cheese business, the witness replied:

We are going into the trade in all the products of New Zealand—butter, cheese, wool, hides, rabbits. I would not say that we are going into the fruit business.[1]

Armour & Co. apparently has no packing houses in Australia, but seems to have confined itself to making contracts with Australian companies for all or part of their output.

The report of the Royal Commission on the Meat Export Trade of Australia, published in April, 1915, but presented to the governor general in November, 1914, declared that Armour & Co. had bought nearly the entire output of frozen meat from Birt & Co. for the year 1914. Part of this was shipped to the United Kingdom and part to the United States. It was also said that Armour & Co. had bought a large part of the output of the Burdekin River Co. for that year, and that for a year or so before shipments of frozen meat amounting in all to a considerable quantity had been made to Armour & Co. by John Cooke & Co., the Central Queensland Export Co., and the Queensland Meat Export & Agency Co. "These shipments, some of which went to English and some to American ports, were made in fulfillment of contracts entered into by the distributing agencies abroad of the meat exporting firms."[2]

The Royal Commission also stated that at the time their report was made, Armour & Co. was negotiating with Birt & Co. with a view to an agreement for the exportation of meat from Australia on joint account. The commission comments on these transactions of Armour & Co.

* * * The movements of Armour and Coy. in Australia, taken as a whole, suggest that that company is desirous of obtaining control over some portion of the Australian supplies, and it may be that, in establishing relations with Birt and Coy., it is aiming ultimately at some sort of control not only over Birt and Coy.'s output, but also over that of the Burdekin River works, * * * and over that of the Ocean Beach works in New Zealand, which are the property of the Federal Coy., a company associated with Birt and Coy., and represented by Birt and Coy. in Australia. The acquisition by an American company—especially if acting in combination with other companies—of a control over supplies by acquiring the output of an Australian works is * * * a matter requiring serious consideration.[3]

In November, 1913, an Armour representative contracted for the purchase of 5,000 fat bullocks for Armour & Co. of London. These were to be delivered in lots at different times during 1915, at the Government Produce Department at Port Adelaide in South Australia, which was to slaughter them at its works at Port Adelaide.

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[1] Auckland Star, Auckland, New Zealand, Nov. 22, 1917.
[2] Report Royal Commission, 1915, pp. 27–28.
[3] Report of Royal Commission, 1915, p. 28.

The seller of these cattle said to the Royal Commission that "cattle were cheap at the time of the contract, and that the price paid under it was better than the market price at the time."[1]

The following statement from the memorandum book of Germon F. Sulzberger, evidently refers to this transaction and indicates that the speculation was not a profitable one. The statement, according to the memorandum, was made by "Williams," i. e. Arthur Meeker, vice president of Armour & Co.

He stated that the 5,000 cattle he killed at Adelaide lost considerable money, due, he claimed, to not realizing values for the offal and by-products, as well as excessive charges at the Government plant made at this point. As they only run a few months of the year they charge all overhead and administrative for all of the business done during those four months, which made consequently high cost. Williams said they had done this business merely as a trial, thinking they might scalp a profit.

Cudahy and Morris interests.—The Report of the Royal Commission (submitted in November, 1914) said:

Within the last year or so shipments of frozen meat have been made to the Cudahy Packing Coy., in the United States, in addition to large shipments of preserved meat. Negotiations are in progress for the appointment of Messrs. Robert Little and Coy. as its agents in Australia, and through their agency it will probably continue to make purchases for its trade in the United States. There is no other evidence of activity on its part in Australia.[2]

The Cudahy Packing Co. is represented in Australia by Cudahy & Co. (Ltd.), a selling company, which it reports as distributing Old Dutch Cleanser, with principal office at Sydney, New South Wales. This company was incorporated July 10, 1915. The outstanding capital stock is £10,000, most of which stands in the name of J. M. Cudahy and E. A. Cudahy, and all of the stock is held as collateral by the Cudahy Packing Co.

The Report of the Royal Commission stated that the Morris Beef Co. (Ltd.), of London, had bought land on the Brisbane River near that owned by the Australian Meat Export Co. (Swift). The report adds:

It may be assumed, therefore, that this company intends to establish its own works, and to engage in the export trade in meat from Australia. This is its only manifestation of activity in that direction up to the present time, though, like other firms, it has made purchases of the Australian product through distributing agencies abroad.[2]

The reports by Morris & Co. to the Federal Trade Commission do not include any subsidiaries in Australia or New Zealand.

Other American interests.—Vestey Bros., of Great Britain and Chicago, control the following companies operating in New Zealand,

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[1] Report of Royal Commission, 1915, pp. 28–29.

[2] Report of the Royal Commission, April, 1915, p. 29.

viz: W. & R. Fletcher (Ltd.), (New Zealand), Westfield Freezing Co. (Ltd.), and the Whangarei Freezing Co. (Ltd.).[1]

Section 14.—Effect on Australasian trade.

The Royal Commission on the Meat Export Trade of Australia, in its report (submitted in November, 1914) makes the following statement regarding the coming of the American packing companies to Australia:

The increased competition which will inevitably follow from the introduction of the American companies into the slaughtering and freezing business in Australia must lead to increased efficiency and increased economy in working methods, and, though this may mean the elimination of the weaker and less progressive competitors, any stimulus of this character must be beneficial in the development of the trade. If the advent of the Amercan companies meant nothing more than this, their appearance would probably be dreaded by no one except their competitors, but an extension of their activities to the Australian field is feared by others because of a belief that their past history elsewhere teaches that their appearance on the scene, whatever the immediate result may be, will lead in the end to the suppression of competition, with a reduction in price to the producer and an increase to the consumer. Viewed from this aspect, their incursion into Australia is one of serious concern to the whole community, but their operations have not yet been developed to a sufficient extent to afford material for anything more than a speculative opinion as to the probability of concerted action being taken for the purpose of fixing prices or controlling supplies in the Australian market.

ADVANTAGE OF CONTROL OVER AUSTRALIAN SUPPLIES.

The suppression of competition, and the control over supplies, is not only a matter of serious concern to Australia, but it is also a matter of Imperial concern. It is improbable that the American companes have any intention of engaging in the distributing trade in Australia. Their object in coming here is to obtain supplies for their trade in the United Kingdom and in the United States, and, assuming the existence of a desire to exercise a determining influence on prices in the markets of the United Kingdom, the advantage of a control over Australian supplies is obvious.[2]

INVESTIGATION BY NEW ZEALAND GOVERNMENT OF OPERATIONS OF AMERICAN MEAT PACKERS.—The people of New Zealand are very apprehensive that control of the meat industry of their country will be secured by the American packers. The agitation which has resulted brought about a government investigation in 1917. A committee was appointed "to inquire into the present position and future prospects of the export meat trade, and more particularly the operations of the organization known as the American Meat Trust."[3]

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[1] Report of a committee investigating New Zealand meat export trade, as given in the New Zealand Herald, Auckland, New Zealand, Oct. 25, 1917.

[2] Report of the Royal Commission, April, 1915, p. 33.

[3] New Zealand Herald, Auckland, Oct. 25, 1917.

This committee reported to the House of Representatives, October 25, 1917. The findings of this committee, as stated in the New Zealand press, are given in part in the following paragraphs:

1. That the conditions prevailing during the war under which the meat output of the Dominion has been purchased by the Imperial Government, have necessarily held in suspense the system of trading which was in operation before the Imperial Government took over the meat supply. It follows, therefore, that the operations of the meat trade are not carried on with the freedom of contract which prevailed, and will prevail, in normal times.

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INFLATION OF PRICES.

3. That some buyers have given prices for stock which could not be justified in view of the Government rates. This has obtained more particularly in the North Island. The result of these undue prices has been to cause some freezing companies to suffer heavy losses, and in one case it brought about the closing of a company's works for part of last season.

4. That it is unsatisfactory and unfair to the New Zealand producers that enormous profits should have been made out of the sale of New Zealand released meat in Britain.

5. That freezing companies are giving large buyers special rebates and concessions. This operates to the detriment of small buyers and tends to create monopolies.

6. That a system has grown up in New Zealand of establishing companies financed and controlled by capital obtained from beyond the Dominion. These companies register in New Zealand with a capital entirely disproportionate to their scale of operations.

7. That at present there appears to be sufficient freezing works in New Zealand for the stock offering under normal shipping conditions. There is, however, a complaint, which is justified, that space is alloted to large buyers to the prejudice of small producers.

8. The system of payment f. o. b., by the Imperial Government, is not conducive to the interests of the small producers, as it tends to put the trade in the hands of the large operators. The small producers are not financially strong enough to wait any length of time for payment, and are placed at a disadvantage with respect to storage and interest.

9. That in some countries the American Meat Trust has already established control of meat trade by its operations. It first inflates prices of stock to kill competition, and then acts detrimentally to the producer, by forcing prices down below the fair market value, and to the consumer, by imposing excessive prices.

10. That in this Dominion the producers, except as shareholders of freezing companies, have not up to the present suffered from the operations of large firms, but keen competition has induced high prices. There is, however, a distinct danger in the growth of any combination which may endeavor to control values to the injury both of the producer and the consumer.

The committee made the following sweeping recommendations:

1. That legislation be at once passed giving the Government power to make it illegal to grant concessions in consideration of exclusive dealing, and to control or prohibit special rebates.

2. That the Government promote legislation generally: (a) To control monopolies; (b) to prevent unfair trading by freezing companies or shipping companies; (c) to provide for issuing licenses to freezing works and the business of meat exporters; (d) to deal with shipping companies as common carriers; (e) to make the charges of such carriers just and reasonable; (f) to prevent carriers giving undue preference to persons or localities; (g) to prohibit the pooling of freights and earnings; and (h) to provide that common carriers shall print and exhibit schedules of all rates and charges.

3. That the Government should forthwith consider a scheme for (a) controlling the export of frozen meat after the war, and (b) in conjunction with the Imperial Government the distribution of meat in Britain. This is necessary to prevent the exploitation of the producer or consumer by meat trusts.

4. That effective measures should, in the interests of the British consumer, be taken by the Imperial Government to control the prices of released meat in Britain.

5. That the Government, either in conjunction with the Home Government or the New Zealand producers, consumers, and importers, or with all of these parties, should establish a controlling interest in the freights and shipping between New Zealand and Great Britain.

6. That the Government should, in the interests of the small producers and in view of the probable serious shortage of storage space, take power to prevent large buyers monopolizing space in freezing works during the war.

7. That special care be taken to see that foreign firms and their agents and companies registered in New Zealand with small capital which carry on large businesses by means of outside financial support, shall not escape taxation on the ground that small, if any, profits are made on their trading in the Dominion. Provision should be made that such firms shall be taxed to an amount not less than is paid by New Zealand firms not so financed or controlled.[1]

The prime minister of New Zealand was quoted as saying that "the report and the evidence, taken together, justified the setting up of the committee. The Government must think of the future as well as of the present and take whatever steps might be necessary to prevent American trusts from gaining control of the New Zealand meat. He thought of the Argentine, where, in plain English, the American Meat Trust practically controlled the whole of the trade. He had the best of reasons for believing that New Zealand and Australian meat cost the British Government more, for what it required for its own purposes, than South American."[1]

The following extract from a letter from the Hon. Alfred A. Winslow, United States consul general at Auckland, New Zealand, to the Secretary of State, under date of April 26, 1918, shows the state of feeling there with reference to the operations of the American packers in that country:

I have the honor to advise that the Hon. W. D. S. MacDonald, minister of agriculture, industries and commerce for New Zealand, has asked me to secure for him and the use of the New Zealand Government all the information possible relative to the investigation made by the United States Federal Trade Commis-

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[1] New Zealand Herald, Auckland, New Zealand, Oct. 25, 1917.

sion into the American Meat Trust; and I should very greatly appreciate it if I might be furnished with at least two or three copies of this information for the honorable minister, who indicated that he would like at least that many.

In this connection I wish to explain that the operations of the American Meat Trust are of very great interest to New Zealand stock raisers, since they are very greatly alarmed over their actions in this part of the world, fearing that they propose to get control of the meat business in this Dominion. Armour & Co. already have an office at Christchurch, and have employed one of the most expert stockmen in this Dominion.

This question is being discussed extensively in and out of Government circles, and I believe it will be wise to make it clear that the American Government is in no wise connected with or fostering the methods used by what is known as the American Meat Trust.

Section 15.—List of Australasian companies of the big United States packers.

The companies which the big packers reported to the Commission as engaged in business in Australasia were as follows:

Armour & Co.: Armour & Co., of Australasia, Christchurch, New Zealand.
Cudahy Packing Co.: Cudahy & Co. (Ltd.),[1] Sydney, New South Wales.
Swift & Co.: Australian Meat Export Co. (Ltd.), Brisbane, Queensland.

CANADA.

Section 16.—Swift interests in Canada.

Swift & Co., of Illinois, in 1902 organized the Swift Canadian Co. (Ltd.), with a slaughtering plant at Winnipeg, Manitoba, which now also operates plants at Edmonton and at Toronto. The Toronto plant was acquired on June 28, 1911, from D. B. Martin (Ltd.), the majority of the stock of which was owned by D. B. Martin Co., a slaughtering company of Philadelphia, Pa. The Vancouver Prince Rupert Meat Co., a subsidiary of Swift Canadian Co. (Ltd.), operates a slaughtering plant at Vancouver, B. C.

The selling and storage companies of the Swift Canadian Co. (Ltd.), have been reported to the Commission as follows, several of them being market companies:

Alberta Cold Storage Co. (Ltd.).[2]
B. C. Co. (Ltd.), Vancouver, British Columbia.[3]
Dominion Market Co. (Ltd.).[3]
Fort Garry Market Co. (Ltd.), Winnipeg, Manitoba.
Fort Williams Cold Storage Co. (Ltd.).[4]
Forty-one Market Co. (Ltd.).[3]
Lethbridge Cold Storage Co. (Ltd.).[4]

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[1] Selling company distributing Old Dutch Cleanser.

[2] This company reported as owning no property and doing no business. Charter owned by Swift Canadian Co. (Ltd.).

[3] Swift & Co. reported June 8, 1918, that these companies discontinued business prior to Jan. 1, 1917, and had either surrendered their charters or were in the process of liquidation.

[4] Swift & Co. reported June 8, 1918, that these companies were chartered to conduct cold-storage business in Canada, but that they had either never operated or had ceased to operate prior to Jan. 1, 1917.

Namayo Market Co., Edmonton, Alberta.
Revelstoke Market Co.[1]
Vancouver Prince Rupert Meat Co. (Ltd.), Vancouver, British Columbia.

Swift & Co. also controls Libby, McNeill & Libby of Canada, located at Chatham, Ontario, a subsidiary of Libby, McNeill & Libby, its Chicago canning company; and the Colonial Hide Co.

Section 17.—Armour Canadian interests.

Armour & Co., of Illinois, operates in its own name a slaughtering plant at Hamilton, Ontario, the operation dating from July, 1912, when Armour & Co. in the liquidation of the National Packing Co. acquired the capital stock of Fowlers' Canadian Co. (Ltd.), which the National had bought September 29, 1902, about the time that the Swift Canadian Co. began slaughtering at Winnipeg.

Armour & Co. also owns the entire stock of the Hamilton Stock Yards Co., operating the yards in conjunction with the slaughtering plant. Armour and Morris also own 25 per cent of the capital stock of the Toronto Stock Yards Co. at Toronto, where it has been noted that Swift has a plant.

In leather, Armour & Co. owns the Dominion Tanneries (Ltd.), of Woodstock, New Brunswick, which has been reported as in liquidation; and in grain Armour interests individually are principal stockholders in the Armour Grain Co., controlling the Armour Canadian Grain Co. of Winnipeg, Manitoba, and the Hansen Grain Co., also of Winnipeg, the latter being in liquidation.

EUROPE.

Section 18.—The United States packers in the British market.

Departmental committee report, 1909.—The British Board of Trade appointed a committee July 31, 1908, "to inquire how far and in what manner the general supply, distribution and price of Meat in the United Kingdom are controlled or affected by any combination of firms or companies." This committee held hearings on 18 different days, covering the period from October 1, 1908, to April 5, 1909, examining a large number of witnesses, and on April 28, 1909, submitted its report.[2]

The following statement gives the principal conclusions of this committee so far as they relate to the operation of the great United States packing companies:

> 30. It will be readily understood from the preceding paragraphs that the inquiry intrusted to us has not been an easy one. Whatever may be the degree

[1] Swift & Co. reported June 8, 1918, that these companies discontinued business prior to Jan. 1, 1917, and had either surrendered their charters or were in the process of liquidation.

[2] See Minutes of Evidence taken before the Departmental Committee on Combinations in the Meat Trade, Cd. 4661, 1909; also Conclusions of this committee, Cd. 4643, 1909.

of combination existing among the United States companies engaged in the beef trade in this country, the position occupied by each of them separately, and still more by the whole group together, is a strong one, and we found very early in our inquiry that there was a certain amount of reluctance amongst some of those engaged in the trade to give evidence which might be disapproved by the Companies. It is not easy to make any close estimate of the extent of the trade which they carry on, but they control the whole of the supply of chilled beef from the United States, which amounted to rather more than two-fifths of the total imports of chilled and frozen beef in the three years 1905–1907, and to one-quarter of those imports in 1908, and they also admittedly own a large proportion of the cattle imported on the hoof, and are said, apparently with truth, to have some control over the whole, or nearly the whole, of it.

31. It was represented to us that as, particularly in the south of England, so much of the beef that is put upon the market is controlled by these firms, if a trader were to offend them he might be prevented from carrying on his business and practically ruined; and we were assured that there were certain witnesses who were not prepared to give evidence before the Committee, because they feared that what they said might come to the knowledge of the American companies. To meet such cases we decided that when requested to do so we would undertake not to publish the evidence of any witness until he had had an opportunity of going through it and striking out those parts that he did not wish to become public property. And, in special cases, if that were not deemed sufficient protection, we empowered our chairman to hear the evidence of any particular witness who so desired in private and to report to the whole committee only so much of it as the witness was willing to have communicated. Neither of these arrangements was altogether satisfactory, for obvious reasons, and we are glad to be able to state that ultimately only two witnesses were heard by the chairman in private, and that the opportunity of revising their evidence was utilized very sparingly by other witnesses.

32. On the other hand there can be little doubt that the gossip of the market has a tendency to exaggerate the importance of any such combinaion as that of the American companies. They are foreigners; their managers are extremely competent men of business; they carry on trade on a very large scale, which gives them a great advantage over their smaller competitors; their trade methods are both superior to those prevailing in this country and perhaps less influenced by any considerations of sentiment. As one witness put it:—" Business is business all the way, and we are not in business for love;" and this maxim is ruthlessly applied by the American companies. They are therefore unpopular among their trade competitors, and their unpopularity is not diminished by the atmosphere of secrecy which is thought to surround their proceedings. We had, therefore, in seeking for evidence, to combat on the one side the reticence of those who feared the result of speaking too freely about a group of powerful traders, and on the other a natural prejudice which tended to exaggerate both the power and the malevolence of successful trade competitors.

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35. The consideration of these facts makes it very difficult to believe that the English companies representing these United States firms can be competitive to the full extent. It is said, and with great truth, that it is almost incredible that Armour & Co., Swift & Co., and Morris & Co. should be in combination in the United States, and in competition in the United Kingdom; and the case is even stronger with regard to the fourth English company—the Hammond Beef Company. That company, as already indicated, represents in this country the American National Packing Company. Now the capital of the National Packing

Company is undoubtedly subscribed by the other three packing firms just mentioned; and the Board of Directors controlling the National Packing Company are all representatives of Armour, Swift, and Morris. It appears utterly improbable that the Hammond Beef Company—representing a company which is itself entirely owned and controlled by three other American firms—should yet be in serious competition with the representatives of those firms in this country.

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37. It is of course true that large undertakings such as those of the American companies, if they are carried on successfully, take away from their competitors a considerable part of the trade. But we see no evidence that any action has been taken by the American companies with the deliberate intention of destroying inconvenient rivals, and we do not think that as yet they have made any attempt to capture or control the whole beef trade of this country.

38. As regards the actual machinery of combination, we are of opinion that representatives of Armour & Co., the Swift Beef Co., the Morris Beef Co., and the Hammond Beef Co.—with occasionally a representative of the Cudahy Co., and regularly until a few years ago a representative of Archer & Sulzberger—have been in the habit of meeting periodically in London; and that until recently these meetings were probably held once a week, or oftener, and were of a more or less formal and official character. It appears to be well established that within the last few years some change has taken place, at least in the form of the meetings. It may be that more is done by telephonic consultation than was formerly the case, or it may be that the meetings are more casual and frequent and less formal; but in any case they appear to have had somewhat less importance than they used to have, and this is, in our judgment, a symptom of a diminution in the amount of combination between the companies.

39. This diminution in the closeness of the combination seems to have taken place probably within the last two years—certainly within the last five years.

40. But, nevertheless, we are of opinion that in one form or another the meetings, or rather the consultations, still go on; and we have little doubt that at those consultations the prices of beef and the supplies to be put on the market form the chief subjects of discussion.

41. How far any attempt has been made to fix prices is a different and more difficult question. There is a general consensus of opinion that it is impossible to fix and maintain prices in Smithfield Market, and this is said to be due to the largeness of the market and the extent of competition. As by far the greater part of the United States beef is in the hands of the four companies, and they have the command of nearly the whole of the live cattle imported, this statement as to competition can mean only that there is active competition between all the various kinds and grades of beef, coming from a number of independent sources, and possibly between beef and the other kinds of meat. Some witnesses believed that if the American companies had command of any considerable part of the supplies from the Argentine Republic, in addition to the supplies from the United States, they would be able to control prices even in Smithfield, but practically everyone is agreed that at present they are unable to do so.

42. On the other hand, we think it is established that the American firms do fix in agreement the prices at which chilled beef is to be sold in the provinces, and that instructions as regards these prices are given by telegram or telephone every morning to their wholesale agents in the various provincial towns. We see no reason to doubt that these prices are arrived at by taking the ruling price for best beef in Smithfield, and adding thereto the cost of freight from London or Liverpool the distributing center for the Midlands and North—to the various towns. We have small doubt that the price is the same

for the same quality of beef belonging to each of the American companies, and that very little discretion is allowed to the provincial salesman to vary that price. It may be technically true that he is not absolutely bound not to take less than the price telegraphed or telephoned to him, but practically he does so at his peril, and unless he can justify such action to the utmost, he runs very serious risk of losing the business of the company which he represents.

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46. We have said that we do not think the American companies attempt to control directly prices in Smithfield. There seems, however, very little doubt that they do arrange to some extent as to the amount of supplies which each shall place upon that market, and it has even been alleged that the policy of the American companies has been to keep Smithfield short of supplies, so as to maintain prices not only there but throughout the country.

47. With respect to other allegations in this connection we believe it to be true that the American companies make a practice of engaging all the available space for cattle on the cattle steamers coming from the United States, and to a considerable extent on those coming from Canadian ports also. It is true that there are certain other shippers from the United States, but these are believed to be controlled by, or connected with, the large firms, and with one or two exceptions the independent shippers from Canada are of relatively small importance.

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49. It is of course unnecessary for the United States firms to attempt to monopolize space on the vessels fitted for the carriage of chilled beef, since practically the whole of the chilled beef coming from the United States is supplied by the Trust companies, except in so far as Schwarzschild & Sulzberger are outside the Trust.

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55. The facts appear to be that in the Central Markets there are 210 firms comprising 340 tenants occupying 344 shops. The Swift Beef Co. have 6 shops; Armour & Co. have 4 shops; the Morris Beef Co. have 3 shops; Archer & Sulzberger have 3 shops; and the Hammond Beef Co. have 3 shops in their own name, and one which, under the name of H. S. Scott, the secretary to the Company, is professedly carried on as an independent concern. Beyond these the business of J. W. Curry & Co., Ltd., who have 5 shops, is carried on at least in very close business connection with one or other of the American companies. This, however, appears to be an exceptional case, and beyond it the charge that the American companies have control of stalls held in the names of other firms or individuals appears to rest upon no better foundation than market gossip. No doubt there are many stallholders who would be very averse from quarreling with the American companies, since they are dependent upon them for a very large part of their supplies of beef. In this sense the American companies may be said to have some control over them, but apart from this we are not satisfied that the allegations as to their real (as distinct from admitted) holdings in the Market are well founded.

Influence in the Smithfield (London) Market.—In an official report made in 1914,[1] it was stated that in 1909 the Swift Beef Co., Armour & Co., the Morris Beef Co., and the Hammond Beef Co.

[1] A report by Mr. Cabburn to the high commissioner, based upon a return prepared by the Central Markets Committee of the Corporation of the City of London. This is quoted in the Report of the Royal Commission on the Meat Export Trade of Australia, April, 1915 (Cd. 7896), p. 22.

together owned 17 shops, including one held under the name of Scott, in the great Smithfield Market in London.[1] By January, 1914, the number of shops owned by these companies had increased to 27.[2]

The author of this report says that there are altogether 344 stalls in the Smithfield Market, and that 27 Trust stalls does not appear an unduly high proportion. "But," he adds, "the Trust indirectly controls other firms, firms indeed which are assumed to be essentially British. Thus, the influence of the Trust firms can not be gauged by their actual holdings, although the view is gaining ground that a limit should be placed upon the number of stalls which should be allocated to Trust firms."[3]

Section 19.—List of European distributing companies controlled by the Big Five.

The following is a complete list, so far as reported, of the Big Five foreign companies engaged in the marketing of products, and other activities in Europe:

Armour & Co.:
- Allen & Crom (Ltd.), London, England.
- Armour & Co. (Ltd.), London, England.
- Armour & Co., A. G., Frankfort, Germany.[4]
- Armour & Co., A. S., Copenhagen, Denmark.
- Armour et Compagnie, Société Anonyme, Paris, France.
- Armour Società Anonima Italiana, Milan, Italy.
- Chymol Co. (Ltd.), London, England.
- Fowler Bros. (Ltd.), London, England.
- Times Cold Storage Co., London, England.
- James Wright & Co., London, England.[5]

Cudahy Packing Co.:
- The Cudahy Packing Co. (Ltd.), London, England.

Morris & Co.
- Haarers (Ltd.)[6] (90 per cent), London, England.
- Morris Beef Co. (Ltd.), London, England.

Swift & Co.:
- Curry & Co. (Ltd.) (70 per cent), London, England.
- Garner, Bennett & Co. (Ltd.), Liverpool, England.
- Franklin Land & Investment Co., London, England.
- H. A. Lane & Co. (Ltd.) (63 per cent), London, England.
- Libby, McNeill & Libby of London, London, England.
- Roderick Scott (Ltd.) (45 per cent), Glasgow, Scotland.
- H. L. Swift Stall, London, England.
- Swift Beef Co. (Ltd.), London, England.
- Swift Packing Co., Paris, France.

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[1] See par. 55 of the conclusions of the departmental committee, 1909, just quoted.

[2] Schwarzschild & Sulzberger interests had three shops at the earlier date and two at the later. (See sources referred to in note on preceding page and note 1 on this page.)

[3] Report of the Royal Commission, April, 1915, p. 22.

[4] Prior to the war.

[5] Incorporated in W. Va.

[6] Slaughtering.

Swift & Co., and Morris & Co.:
National Oil & Hide Co. (Ltd.), London, England.
Wilson & Co., Inc.:
Archer & Co. (Ltd.), London, England.
Nuttall Provision Co. (Ltd.),[1] Liverpool, England.
British American Product Co. (Ltd.),[2] Birkenhead, England.
Wearside Refining Co. (Ltd.)[2] (subsidiary of British American Product Co. (Ltd.)).
Wilson & Co., Inc., and Morris & Co.:
London Butchers Hide & Skin Co., London, England.

CHAPTER V.—GROWING IMPORTANCE IN BY-PRODUCT INDUSTRIES AND IN FOODS COMPETING WITH MEAT.

Section 1.—Proportion of leather production by four big packers, by Central Leather Co., and American Hide & Leather Co.

The Commission has secured much information on the tanning industry and has gathered statistics on various phases of it, the data having been required from all concerns known to be engaged in tanning. This material is more appropriate for publication in the report of the leather investigation when that investigation is completed[3] and therefore, in this section are given only the data sufficient to indicate the degree of control of the packers over production of the principal kinds of leather they make. Inasmuch as competitive conditions in the tanning industry are further affected by the fact that two other companies—the Central Leather Co. and the American Hide & Leather Co.—are large producers in certain lines, separate figures are also given for these two companies.

The following table shows for each of the principal kinds of leather the total production in the United States for the 10 months ending November 1, 1917, and the quantities produced by the companies named therein, including their subsidiaries. Only four of the five big packers were engaged in the leather business during the period covered, the Cudahy Packing Co. not having entered this industry till the end of 1917.

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[1] Incorporated, but stock not issued and not in operation, on account of war conditions.
[2] Incorporated but not yet in operation, on account of war conditions.
[3] A preliminary report on the hide and leather situation was made by the Federal Trade Commission, Jan. 23, 1918. (H. Doc. 857, 65th Cong., 2d sess.)

TABLE 49.—*Leather production—Four big packers' proportion in principal kinds produced by them, also proportion therein by Central Leather Co. and American Hide & Leather Co., Jan. 1 to Nov. 1, 1917.*

	Sheep and lamb.				Calf and kip and other skins (except goat and kid).				Cattle sides—	
	Shoe stock.		Glove stock and all other.		Shoe stock.		Other except glove.		Shoe stock, etc.	
	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.
	Sq. ft.		*Sq. ft.*		*Sq. ft.*		*Sq. ft.*		*Sq. ft.*	
Armour & Co.	23,481,995	25.30	1,323,749	1.70	....	.....	....	.....	9,679,224	3.85
Swift & Co.	17,209,636	18.54	11,721,191	15.07	11,974,255	11.11	8,535,872	23.06	21,857,783	8.71
Morris & Co.	....	.....	....	.....	....	.....	....	.....	....	.....
Wilson & Co., Inc.	....	.....	357,000	.46	....	.....	....	.....	....	.....
Total Big Four.	40,691,631	43.84	13,401,940	17.23	11,974,255	11.11	8,535,872	23.06	31,537,007	12.56
Central Leather Co.	....	.....	....	.....	....	.....	....	.....	....	.....
American Hide & Leather Co.	....	.....	....	.....	7,018,836	6.51	1,705,740	4.61	34,398,399	13.71
Total 6 companies	....	.....	....	.....	18,993,091	17.62	10,241,612	27.67	65,935,406	26.27
All other	52,124,310	56.16	64,376,394	82.77	88,819,105	82.38	26,777,207	72.33	185,061,810	73.73
Grand total	92,815,941	100.00	77,778,334	100.00	107,812,196	100.00	37,018,819	100.00	250,997,216	100.00

	Harness.		Strap.		Belting.		Sole.		Finished splits.	
	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.
	Sq. ft.		*Sq. ft.*		*Pounds.*		*Pounds.*		*Sq. ft.*	
Armour & Co.	970,880	3.54	....	.....	2,392,780	6.17	41,046,300	12.41	3,036,188	2.42
Swift & Co.	1,593,116	5.81	3,422,188	44.90	934,838	2.41	24,757,200	7.49	13,346,432	10.61
Morris & Co.	....	.....	....	.....	4,928,281	12.72	2,820,275	.85	....	.....
Wilson & Co., Inc.	....	.....	....	.....	....	.....	4,899,233	1.48	....	.....
Total Big Four.	2,563,996	9.35	3,422,188	44.90	8,255,899	21.30	73,523,008	22.23	16,382,620	13.03
Central Leather Co.	7,123,128	25.99	....	.....	5,129,905	13.23	104,550,197	31.62	....	.....
American Hide & Leather Co.	1,101,251	4.02	323,571	4.25	....	.....	....	.....	15,394,297	12.25
Total 6 companies	10,788,375	39.36	3,745,759	49.15	13,385,804	34.53	178,073,205	53.85	31,776,917	25.28
All other	16,620,541	60.64	3,875,732	50.85	25,383,469	65.47	152,607,259	46.15	93,943,129	74.72
Grand total	27,408,916	100.00	7,621,491	100.00	38,769,273	100.00	330,680,464	100.00	125,720,046	100.00

The four big packers produce a significant proportion of several of the kinds of leather shown in this table, which are among the most important lines of leather produced from cattle hides, calfskins, and sheep and lamb skins. Swift and Armour have the great bulk of the packer production, Morris being confined chiefly to belting leather, though in this he is larger than any other packer, and Wilson being as yet a relatively small factor in any line.

In sheep and lamb shoe stock the packer tanners combined have 44 per cent of the country's total production; in sheep and lamb glove stock, 17 per cent; in shoe stock tanned from calf and kip and all skins other than sheep and lamb, goat, and kid, they have 11 per cent, and in other leather (except glove stock) tanned from such

skins they have 23 per cent. In shoe stock from cattle sides they have $12\frac{1}{2}$ per cent of the country's total; in harness 9 per cent; strap 45 per cent; belting 21 per cent; sole 22 per cent; and finished splits 13 per cent. In most of these kinds of leather the packer tanners are larger producers, as a group, than the Central Leather Co. and the American Hide & Leather Co. combined. The latter companies do not produce any leather in some of these lines and surpass the packers in only three out of the ten kinds listed in the table, viz: In shoe stock, etc., from cattle sides (13.71 per cent to the packers' 12.56 per cent); harness (where they have 30 per cent to the packers' 9); and sole (where the Central Leather Co. has 32 per cent to 22 per cent for the packers).

The four packers with the two other largest companies in the industry together have 54 per cent of the country's sole leather; 49 per cent of the strap leather; 39 per cent of the harness leather; 35 per cent of the belting; 44 per cent of the sheep and lamb shoe stock; and smaller but nevertheless important percentages of other kinds.

The above table includes leather produced by companies for themselves in their own tanneries and that tanned for them on commission by others. It measures therefore the control of leather going into the market.

The figures for leather produced for the big packers under contract have been compiled from data submitted by them, rather than from the reports of companies contracting with the packers, for it was thought that all independent tanners had not properly segregated their own production from their contract work. Some have reported their total production in one figure. For this reason the amount of leather produced by "all other" tanners as shown on the above table may be slightly overstated. However, the result would be that the percentage of packer production is understated, rather than overstated.

The production figures for contract work reported by Swift & Co. were given for the year 1917 rather than the first 10 months, and in hides, rather than square feet or pounds, and had, therefore, to be converted to be put on a comparable basis with the production of other tanners.[1]

It should be noticed that to some extent, each packer, but especially Swift and Armour, concentrates on certain kinds of leather. By this means, individual packers secure greater control over the particular kinds of leather in which they are especially interested without injuring their collective influence. For instance Armour & Co.'s produc-

[1] The figures for these hides were converted by multiplying the number by 40 to obtain the weight and multiplying the resultant figure by five-sixths to get the 10 months' production.

tion of shoe stock leather from sheep and lamb skins is considerably larger than Swift & Co.'s as is also its tanning of sole leather. In strap leather Swift & Co. has the big packer field to itself and controls 45 per cent of the total production of the country. In finished splits Swift has the bulk of the packer tanner production, and is almost as large as the American Hide & Leather Co. Morris's proportion of belting leather is practically double that of Armour, five times that of Swift, and only slightly less than that of the Central Leather Co.

The packers, in spite of their position as the principal suppliers of cattle hides, from which the greater part of heavy leather is made, are not the largest tanners of heavy leather, the Central Leather Co. alone tanning more than all four packers. However, the packers already have a large proportion of the production and are steadily acquiring tanneries. In the tanning of skins the Central Leather and the American Hide & Leather are not so strong as the packers, tanning no sheepskins and less than half as many other skins as the packing companies tan.

The Cudahy Packing Co. is not shown on the table as producing any leather. It owns no tanneries, and prior to December, 1917, had entered into no tanning contracts. However, the policy of the company seems now to have changed, for two contracts for tanning by outside concerns are now in effect.

The packers' influence in the leather situation is such that a packing company not in the tanning business is in danger of being compelled either to go into that business or to go out of the cattle-slaughtering business.

Section 2.—Big Five proportion of stocks of hides held by interstate slaughterers, January, 1916–July, 1917.

The Commission secured returns from all interstate slaughterers showing the number of pounds of hides in stock, by months, from January 31, 1916 to July 31, 1917. In the following table these returns are grouped to show the stocks of the Big Five and their subsidiaries and of all other interstate slaughterers, together with the proportions of each group each month.

It is particularly to be noted that there are other classes of concerns holding stocks of hides, such as importers of hides, hide dealers who collect them from retail butchers, etc., so that the stocks shown in the table are by no means the total for the country. Consequently, the proportions given are higher than would be the case if the total for the country were available. The figures are significant, however, as a measure of the importance of the Big Five among interstate slaughterers, who as a class are the principal suppliers of hides.

50.—*Hide stocks of interstate slaughterers—Big Five proportion, by months, Jan. 31, 1916, to July 31, 1917.*

	Big Five	All other.	Total interstate slaughterers.	Per cent.	
				Big Five.	All other.
1916.	*Pounds.*	*Pounds.*	*Pounds.*		
....	87,988,174	9,001,377	96,989,851	90.7	9.3
....	83,074,017	8,406,342	91,480,359	90.8	9.2
....	79,119,572	9,792,930	88,912,502	89.0	11.0
....	72,064,869	9,785,607	81,850,476	88.0	12.0
....	70,327,233	9,601,812	79,929,045	88.0	12.0
....	73,919,657	9,821,958	83,741,615	88.3	11.7
....	78,497,373	10,578,540	89,075,913	88.1	11.9
....	88,882,504	11,891,225	100,773,729	88.2	11.8
....	95,869,904	10,984,897	106,854,801	89.7	10.3
....	93,832,351	10,773,626	104,605,977	89.7	10.3
....	100,204,540	11,508,525	111,713,065	89.7	10.3
....	99,823,682	11,850,758	111,674,440	89.4	10.6
1917.					
....	103,674,282	11,937,704	115,611,986	89.7	10.3
....	107,865,967	14,056,916	121,922,883	88.5	11.5
....	111,462,526	15,538,847	127,001,373	87.8	12.2
....	111,444,092	15,524,697	126,968,789	87.8	12.2
....	115,728,361	16,757,741	132,486,102	87.4	12.6
....	121,689,191	18,058,149	139,747,340	87.1	12.9
....	127,534,611	16,387,247	143,921,858	88.6	11.4

stocks held by the Big Five during the period covered by the
constituted from 87.1 per cent to 90.8 per cent of total held by
erstate slaughterers. The proportion held by independents
l from 9.2 per cent on February 29, 1916, to 12.9 per cent on
30, 1917. In general, while the absolute number of hides held
Fig Five was increasing rapidly, their proportion tended to
lightly and the proportion of the independents to increase
y.

fact that the period as a whole was characterized by a marked
se in the stocks on hand is shown in the following table, which
the ratio of each month's stocks to the quantity on hand Jan-
31, 1916, these monthly ratios being given separately for the
ive, all other, and the total:

51.—*Hide stocks of interstate slaughterers—Increase and monthly ratio fluctuation based on the first month, Jan. 31, 1916, to July 31, 1917.*

	Big Five		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916.						
....	87,988,174	100.0	9,001,377	100.0	96,989,851	100.0
....	83,074,017	94.4	8,406,342	93.1	91,480,359	94.3
....	79,119,572	89.9	9,792,930	108.8	88,912,502	91.7
....	72,064,869	81.9	9,785,607	108.7	81,850,476	84.4
....	70,327,233	79.9	9,601,812	106.7	79,929,045	82.4
....	73,919,657	84.0	9,821,958	109.1	83,741,615	86.3
....	78,497,373	89.2	10,578,540	117.5	89,075,913	91.8
....	88,882,504	101.0	11,891,225	132.1	100,773,729	103.9
....	95,869,904	109.0	10,984,897	122.0	106,854,801	110.2
....	93,832,351	106.6	10,773,626	110.7	104,605,977	107.9
....	100,204,540	113.9	11,506,525	127.9	111,713,065	115.2
....	99,823,682	113.5	11,850,758	131.7	111,674,440	115.1

TABLE 51—*Hide stocks of interstate slaughterers—Increase and monthly ratio of fluctuation based on the first month, Jan. 31, 1916, to July 31, 1917*—Con.

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1917.						
Jan. 31	103,674,282	117.8	11,937,704	132.6	115,611,986	119.2
Feb. 28	107,865,987	122 6	14,056,946	156.2	121,922,933	125.7
Mar. 31	111,462,526	126.7	15,538,847	172.6	127,001,373	130.9
Apr. 30	111,444,092	126.7	15,524,697	172.5	126,968,789	130.9
May 31	115,728,361	131.5	16,757,741	186.2	132,486,102	136.6
June 30	121,689,191	138.3	18,058,149	200.6	139,747,340	144.1
July 31	127,534,611	144.9	16,387,247	182.1	143,921,858	148.4

The total increase in stocks of hides held by all interstate slaughterers in the course of the year and six months was 48.4 per cent. In the case of the Big Five the increase was 44.9 per cent; and for all others 82.1 per cent. It will be noted that in 1916 the stocks registered a decrease each month through May and that with June the increase begins. In the first seven months of 1917 the stocks instead of declining increased rapidly.

In order to show the difference in the movement of hide stocks in the first seven months of both years the following table has been prepared, repeating from Table 51 the ratios from January to July, 1916, based on stocks of January 31, 1916, and giving the ratios for the same months of 1917 based on stocks of January 31, 1917.

TABLE 52.—*Hide stocks of interstate slaughterers—Increase and monthly ratio of fluctuation based on first month of each year, Jan. 31, 1916, to July 31, 1917.*

	1916			1917		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29 (28)	94 4	93.4	94.3	104.0	117 8	105.5
Mar. 31	89 9	108 8	91.7	107.5	130.2	109.9
Apr. 30	81 9	108.7	84.4	107.5	130 0	109.8
May 31	79.9	106.7	82.4	111.6	140 4	114.6
June 30	84 0	109.1	86 3	117.4	151.3	120.9
July 31	89.2	117.5	91.8	123.0	137.3	124.5

Section 3.—Growth of four of the big packers in the leather business.

ARMOUR'S $6,200,000 STOCK BONUS ON ORGANIZATION OF CENTRAL LEATHER CO., 1905.—The strategic position of the packer and the character of his influence on the leather industry can aptly be illustrated by the part played by Armour in the organization of the Central Leather Co., successor to the United States Leather Co., the first sole leather combination in this country.

The United States Leather Co., organized in 1893 by a combination of the leading sole leather manufacturers, acquired 110 tanneries controlled by some 60 leather houses; about 400,000 acres of bark

land; and the bark rights on nearly 100,000 more. These tremendous holdings in the bark and timber growing lands secured the combination a sufficient supply of one of the prime articles entering into the manufacture of sole leather, but made no provision for control over the market in which it bought its chief necessity—the hides.

As a dividend paying proposition the United States Leather Co. was a financial failure from the very outset. Its original capitalization consisted of $62,282,300 of 8 per cent cumulative preferred stock and $62,882,300 of common. The common stock was issued as a bonus, share for share, to the preferred stockholders, the additional $600,000 of common being a bonus to the syndicate that underwrote the issue of the $6,000,000 debenture bonds of the company. In no year of its history did the United States Leather Co. pay the full 8 per cent dividend on its preferred stock. The highest dividend ever paid was 6 per cent, and no dividend was paid on the common stock. Back dividends on the preferred stock kept on accumulating till in 1899 they amounted to over $30 per share, and the financial embarrassment of the company was intensified by the need of additional working capital.

To meet the situation, four plans were successively submitted to the stockholders during a period of six years from 1899 to 1905; and all but the last one, which led to the organization of the Central Leather Co., were rejected. The problems which each of these plans had to work out were: (*a*) To settle the back dividend on the preferred stock; (*b*) to prevent a recurrence of heavy accumulations through a reduction both in the capitalization of the company and in the dividend rate to be paid on its preferred stock; and (*c*) to attract additional working capital.

No reorganization of finances could be brought about without affecting the interests of the common and the preferred stockholders. Sacrifices had to be made, and the difficulty was to strike a fair balance without favoring one class of stockholders at the cost of the other. The decided opposition which met the first three plans left no hope that a working basis could be reached that would be satisfactory to all the parties concerned and would at the same time stabilize and strengthen the financial affairs of the company.

To escape this deadlock the management tried to throw into the scale a new factor which would tend to bring about a greater willingness on the part of the stockholders to accept the plans of reorganization submitted to them.

As indicated above, the United States Leather Co. at the time of its organization failed to secure the close cooperation of any of the large producers of green hides in this country. It had an unlimited supply of the bark land, but it had no control over the market in which it bought its hides. This fact was now used by the manage-

ment as a lever to carry through the reorganization of the company. The financial adversities, in reality the result chiefly of excessive overcapitalization, were made to appear the result of the weakness of the company on the hide market.

The managers of the reorganization plan represented Armour as having agreed to put at the disposal of the company the vast supply of his hides on liberal terms in exchange for a bonus of $6,200,000 common stock in the reorganized company.

There was a thorough canvass of the stockholders through the medium of circular letters sent immediately after Armour's cooperation was alleged to have been secured. In these letters to the stockholders stress was laid on the following two points: (*a*) The lack of working capital has retarded the progress of the company; (*b*) "the establishment of closer relations with interests with which this Company necessarily has large dealings and the vesting in them of substantial amounts of the securities of the Company, and especially of its common stock, will be a material benefit to the Company and to both classes of its stockholders."

Upon this appeal the bulk of the stockholders gave their assent to the new plan by which the United States Leather Co. was reorganized into its successor, the Central Leather Co., and on February 16, 1905, the reorganization committee declared the plan effective.

The salient features of the reorganization plan were as follows: A new company was to be formed that should acquire the physical assets of the United States Leather Co. The capital stock of the new company was to consist of $40,000,000 common and $40,000,000 preferred. In addition to it, the new company was to authorize an issue of 5 per cent first mortgage bonds amounting to $45,000,000. The securities of the United States Leather Co. were to be exchanged for those of the new company on the following basis: For each share of the old preferred stock (of which there were outstanding $62,282,300) was to be given 50 per cent of 5 per cent first mortgage bonds, 50 per cent of new 7 per cent cumulative preferred stock, and a bonus of 23½ per cent of new common stock. Each share of common stock was to receive 30 per cent of new common stock, each 10 shares of old stock being considered equivalent to three shares of new stock.

Armour was to receive $6,200,000 of the $40,000,000 common stock as a bonus.

These provisions were carried out and the new company—the Central Leather Co.—was incorporated on April 12, 1905.

In this reorganization Armour, as will be shown later, acquired stock in the company much greater in amount than the original bonus called for. But in return for it, he did not assume the obligations as to hides that the managers of the plan had represented.

In his affidavit dated January 26, 1907, in the case of James C. Colgate et al. *v.* The United States Leather Co. et al. before Vice Chancellor Emery in the Chancery Court of New Jersey, Mr. Edward C. Hoyt, president of the Central Leather Co. since October 17, 1905, and director of the former United States Leather Co. since 1893, explaining why the management solicited Armour's identification with their company, pointed out the importance to the company of the great production of hides by Armour & Co. and the injury to the company which would result from Armour's establishing his own tanneries. With this end in view, Mr. Hoyt stated the management accepted the plan, whereby Armour & Co. was to be so largely interested in the success of the United States company that it should have the least possible motive to itself undertake the manufacture of the hides which it had been selling to the United States Leather Co. and to others.

Nevertheless the fact is that Armour succeeded in having an agreement carried through which did not bind him to sell hides to the United States Leather Co. on any better terms than those extended to its competitors. Furthermore, he succeeded in eliminating a clause whereby he would have been restrained from selling his stock on the open market. This arrangement gave Armour the possibility of (1) working toward a control of the leather company by increasing his stock interest, or (2) selling his stock on the open market, withdrawing his cooperation from the company, and developing tanneries of his own. He chose the latter: but with the aid of the committee, he meantime succeeded in subscribing to 150,000 shares of the old common stock, which according to the plan, would entitle him to 45,000 shares of common stock in the new company. The common stock was then selling in the neighborhood of $10 a share: but when the plan and the circular letters outlined above were published the stock rose to $15 and later to $21.

As already shown, the stock of the United States Leather Co. was subsequently exchanged for stock in the Central Leather Co. The list of stockholders of the latter company as of February 6, 1906, records the holdings of Armour as amounting to only 100 shares, which indicates that he by that date had already disposed of his former 150,000 shares of common stock in the United States Leather Co. and of his 62,000 shares of common stock in the Central Leather Co.

This, and the fact that not long after the reorganization Armour began acquiring tanneries of his own, suggests that the proposed cooperation to be brought about between Armour and the Central Leather Co. in 1905, served merely to consummate a plan which its sponsors feared might otherwise meet with the rejection of the stockholders.

Development from "commission tanning" toward ownership of tanneries.—Armour's part in the reorganization of the United States Leather Co. into the Central Leather Co. was made possible by reason of the growing fear of the tanners of the country that the packers would take advantage of their control of hides to go extensively into the leather business. Armour & Co. up to that period (1905) does not appear to have acquired any tanneries, but Swift & Co. had in 1902 organized the Ashland Leather Co. and embarked in the tanning business, and long before that time both Swift & Co. and Morris & Co., if not Armour & Co., had had hides tanned for them under contract. In 1905 and 1906 Armour & Co. and Swift & Co. went heavily into the leather business. Following this development of their operation of tanneries the packers also entered the slaughtering field in South America, one of the effects of which was to give them a still greater control of the tanner's raw material, much of which is imported from South America.

A brief account of the tanning contract system, which was the first form of the packers' extension into the leather industry, is here given, together with the acquisition of tanneries by the respective companies.

Contracts for commission tanning and sale of leather.—The practice of "custom tanning" has long been common in the tanning industry. By this practice a tanner receives hides belonging to another party and tans them into leather for a fixed price, delivering the finished leather to the owner, ready for him to sell. Often a large leather company thus employs smaller tanners to tan part of its hides, or to rough tan them, while it itself finishes the leather and sells it. Usually custom tanning is done by concerns not having sufficient capital to carry the hides on their own account during the long tanning process and not having a sufficient sales organization to dispose of the leather to advantage.

The present tanning contracts of the packers are not of the type just described. These provide that the leather shall be sold by the tanner in his own name for account of the packer, and are designed to enable the packer to determine the conditions of sale of leather made from his hides and to enjoy a leather-making profit without appearing on the market as in the leather business.

Swift & Co. began making contracts with leather companies to tan hides for it as early as 1892, and in that year shipped 100,000 hides under such contracts. Morris & Co. began the practice previous to 1898, Armour & Co. at least as early as 1906, when it entered into a contract with Winslow Bros. & Smith Co., of Boston, for the tanning of 90 per cent of Armour & Co.'s output of pickled sheep and lamb skins, these to be tanned and sold by Winslow Bros. & Smith Co. in its own name for account of Armour & Co. A similar

contract was entered into on the same date with George F. Willett & Co. (Inc.), affiliated with the Winslow Bros. company for the sale of pulled wool from the same pelts.

Contracts such as these providing for sale for account of the packer in the name of a supposedly independent tanner or leather company, deceive not only the competitors of the packers in the leather business, but also the buyers of leather and the public generally.

All leather reported as tanned under contract for the big packers is included in the leather production table on page 200.

Swift & Co. and Morris & Co. have furnished to the Commission a statement of the number of hides tanned on contract for them during various periods, as follows:

Swift & Co.:	No. of hides.	Morris & Co.:	No. of hides.
1892	100,000	1903	33,136
1907	686,157	1904–1908	374,180
1912	367,271	1909–1913	561,084
1917	636,117	1914–1917	272,054

TANNERIES AND LEATHER COMPANIES ACQUIRED.—Starting in the leather business by means of the tanning contracts, the packers have come to the acquiring of tanneries outright and having their own subsidiaries tan and sell their leather. They continue, however, to operate on contracts as shown by the above tabulation of hides tanned on this basis.

The tanneries and selling companies organized or acquired by the four big packers with the dates are shown in the following lists:

List of leather companies organized or acquired by the four big packers.

Parent company and subsidiary or affiliated concern.	Address.	Date.	Kind of business.	Remarks.
Swift & Co.:				
Ashland Leather Co.	Ashland, Ky.	1902	Tanning	
A. C. Lawrence Leather Co.	Boston, Mass.	1906	do.	
National Leather Manufacturing Co.	Niles, Mich.	1906	do.	
St. Paul Tannery	St. Paul, Minn.	1906	do.	
National Leather Co.	Boston, Mass.	(1)	Leather selling	
Winchester Tannery	Winchester, N. H.	(2)	Tanning	
National Calfskin Co.	Boston, Mass.	1910	do.	
St. Joseph Tanning Co.	St. Joseph, Mo.	1911	do.	One-half interest.
Rossman Tanning Extract Co.	Rossman, N. C.	1911	Tanning extracts.	17 per cent.
A. C. Lawrence Leather Co.	Chicago, Ill.	1911	Leather selling	
Armour & Co.:				
Eastern Leather Co.	Boston, Mass.	1905	do.	
Badger State Tanning Co.	Sheboygan, Wis.	1908	Tanning	
Cappon & Bertsch Leather Co.	Holland, Mich.	1909	do.	
Empire Tanning Co.	Olean, N. Y.	1913	do.	
J. K. Mosser Co.	Pennsylvania	1914–16[3]	do.	
J. K. Mosser Co. of W. Va.	West Virginia	(4)		
Sylva Tanning Co.	Sylva, N. C.	1916	do.	
Empire Tanning Co.	Big Run, Pa.	1917	do.	
Morris & Co.:				
Wm. F. Mosser Co.	Boston, Mass.	1908	do.	
Wilson & Co., Inc.:				
Chas. F. Stifel & Co.	Pittsburgh, Pa.			Operated under lease.

[1] Prior to July, 1907.
[2] Prior to October, 1907.
[3] Three tanneries acquired in 1914 and three in 1916.
[4] Acquired with J. K. Mosser, Pennsylvania corporation.

Information as to the number of hides tanned in their own tan neries in different periods was furnished by Swift & Co. These figures are here given, and with them, for comparison, the numbe tanned on contract as noted on the preceding page.

Number of hides tanned in its own tanneries and on contract by Swift & Co.

Year.	Own tanneries.	On contract.
1892		100,00
1907	509,543	686,15
1912	390,862	367,2
1917	1,036,758	636,11

Section 4.—Present extent of big packers' part in the fertilizer industry

The report of the Federal Trade Commission on the fertilizer in dustry, published August 19, 1916, was a comprehensive study of the industry and of the degree of control by the principal companies en gaged in it, including the packers. Reference is made to that repor for detail as to the status of the packers in the industry. The Bu reau of Markets of the Department of Agriculture has made a mor recent survey of stocks and production of fertilizer. The results o this investigation, which was part of the war work of the Govern ment, have been published in a bulletin.[1] By the courtesy of th Secretary of Agriculture, the Commission was enabled to secure th detailed figures in the possession of the Bureau of Markets showing the quantities of mixed fertilizer and acid phosphate produced by the large packers and their subsidiaries for the year ending June 30 1917.

The five packers and their subsidiaries have a large number o plants producing fertilizer ingredients and also (with the exceptio of Cudahy) a number of mixing plants. Armour & Co. and Swif & Co. are much more important factors in the mixed fertilizer busi ness than Morris & Co., while Wilson & Co., Inc., produces little an Cudahy Packing Co. none. The chief nonpacker companies are th American Agricultural Chemical Co., the Virginia-Carolina Chemi cal Co., and the International Agricultural Corporation, at leas two of which are probably larger producers than the big packer combined.

Mixed fertilizers, those containing at least two of the three ferti lizing elements (nitrogen, phosphorus, potash) amount to a hig proportion of total sales of fertilizer to consumers, and therefo

[1] United States Department of Agriculture, Office of the Secretary—Circular No. 10 Commercial Stocks of Fertilizer and Fertilizer Materials. Contribution from the Burea of Markets. Table 5.

the proportion of production of mixed fertilizers is the best single measure of importance in the industry. The Big Five manufacture in their slaughtering and rendering establishments a large proportion of those animal fertilizer ingredients, such as tankage, dried blood, etc., that are derived from live stock, and Swift & Co., Armour & Co., and Morris & Co. also have at their command large quantities of cottonseed meal as a by-product of their cotton-oil mills. These furnish nitrogenous factors and, in the case of bones, phosphoric.

In the past five or six years there has been a marked tendency for the five packers and other slaughterers and cottonseed oil producers to utilize a large and increasing proportion of the nitrogenous animal tankage and cottonseed meal in the manufacture of feed for hogs, cattle, and poultry, which offers a more profitable outlet for these materials and furnishes a higher use for them. This tendency reduces the amount of these ingredients available for mixed fertilizers and leads to a desirable substitution of inorganic nitrogenous materials, such as nitrate of soda and sulphate of ammonia, in the production of which the packers are not interested.

The Armour and Swift companies own phosphate rock deposits in Florida and Tennessee, which supply part of their requirements as manufacturers of acid phosphate, used as a phosphoric element in mixed fertilizer much more extensively than bones.

Potash, the third element in a complete fertilizer, is required in soluble form, and Germany has enjoyed practically a monopoly of potash deposits considered suitable for this purpose. Among the sources of potash that have been somewhat developed during the war are the alunite deposits in Utah. One of the few companies exploiting this substitute is the Mineral Products Corporation, controlled by the Mineral Products Co., about 40 per cent of the stock of which is owned by J. Ogden Armour and P. A. Valentine and by the president of the Armour Fertilizer Works. Experiments in the utilization of the kelp of the western seacoast as one of the sources of potash have been stimulated by the war. Swift & Co. has a kelp plant at San Diego, Cal.

By reason of their position with reference to the various ingredients, the three larger packers have been able to maintain an important share of the production of mixed fertilizers, though the other large fertilizer companies referred to above have much superior advantages as regards certain of the ingredients, particularly as to the extent of phosphate-rock deposits owned.

The following table, compiled, as noted above, from the statistics gathered by the Bureau of Markets, shows the total production of

mixed fertilizers and also of acid phosphate for the fiscal year closing June 30, 1917:

TABLE 53.—*Mixed fertilizer and acid phosphate production—Four big packers proportion, July 1, 1916 to June 30, 1917.*

[Compiled from Bureau of Markets data.]

	Mixed fertilizers.		Acid phosphate.	
	Tons.	Per cent.	Tons.	Per cent.
Total United States	4,095,250	100.0	3,033,609	100.0
Four big packers	776,235	19.0	357,852	11.8
Armour & Co	381,296	9.3	183,909	6.1
Swift & Co	349,179	8.5	136,685	4.5
Morris & Co	44,251	1.1	37,258	1.2
Wilson & Co., Inc	1,540	.1	....	....
All other	3,318,985	81.0	2,675,757	88.2

This table shows that three of the big packers control nearly one-fifth of the mixed fertilizer production of the country and over one-tenth of the acid phosphate. In considering the bearing of this on competitive conditions in the industry, it is important to keep in mind that the remaining production shown as "all other" in the table is in fact, largely concentrated in the hands of a few strong companies.

In addition to the mixed fertilizer and acid phosphate business shown in the table, the three larger packers also do a considerable business in selling fertilizer materials to manufacturers of mixed fertilizer, and direct to the retail and consuming trade.

Section 5.—Acquisition of fertilizer plants.

In view of the detailed report on the fertilizer industry made by the Commission in 1916, there will be given here but a brief statement of such facts as have been gathered as to the date of building or acquiring fertilizer plants by the Armour and Swift companies These data cover only the entries appearing on the minutes and books of the parent concerns. In the case of Swift & Co. the material includes dates when slaughtering plants having fertilizer departments were built or acquired.

ARMOUR & Co.—The following list shows the name and location of the Armour fertilizer plants, the kind of fertilizer business they do, and the date and manner of their being secured.

Name and location, kind of business, and time and manner of acquiring Armour fertilizer plants.

Name and location of company.	Kind of business.	Date of acquisition.	How acquired.
Armour Fertilizer Works (New Jersey), Atlanta, Ga.	General fertilizer manufacturing.	August, 1902	Built by Armour Fertilizer Works.
Armour Fertilizer Works (New Jersey), Wilmington, N. C.	Mixing plant	November, 1904	Operating on leased property.
Armour Fertilizer Works (New Jersey), Jacksonville, Fla.	General fertilizer manufacturing.	July, 1905	Built by Armour Fertilizer Works.
Armour Fertilizer Works (New Jersey), Augusta, Ga.	Mixing plant	August, 1906	Do.
Armour Fertilizer Works (New Jersey), Buena Vista, Va.	do	do	From Buena Vista Capital Co.
Armour Fertilizer Works (New Jersey), Chicago, Ill.	General fertilizer manufacturing.	May, 1909	From Armour & Co.
Armour Fertilizer Works (New Jersey), East St. Louis.	do	do	Do.
Armour Fertilizer Works (New Jersey), Fort Worth, Tex.	do	July, 1909	Do.
Armour Fertilizer Works (New Jersey), Kansas City, Kans. (Armour & Co. plant).	do	June, 1909	Do.
Armour Fertilizer Works (New Jersey), South Omaha, Nebr.	do	August, 1909	Do.
Armour Fertilizer Works (New Jersey), Sioux City, Iowa.	do	do	Do.
Tennessee Chemical Co., Nashville, Tenn.	do	September, 1909	From Tennessee Chemical Co.
Tennessee Chemical Co., Atlanta, Ga	do	do	From Marrietta Fertilizer Co.
Tennessee Chemical Co., Americus, Ga	Mixing plant	do	From Tennessee Chemical Co.
Rome Oil & Fertilizer Co., Rome, Ga	General fertilizer manufacturing.	do	Do.
Armour Fertilizer Works (Inc.) (Maryland), Baltimore, Md.	do	October, 1910	From Armour Fertilizer Works (N. J.).
Armour Fertilizer Works (New Jersey), Chrome, N. J.	do	March, 1912	Built by Armour Fertilizer Works.
Armour Fertilizer Works (New Jersey), Kansas City, Kans. (Fowler Packing Plant).	do	July, 1912	From National Packing Co
Armour Fertilizer Works (New Jersey), South St. Joseph, Mo.	do	do	Do.
Armour Fertilizer Works (New Jersey), Denver, Colo.	do	do	From Colorado Packing & Provision Co.
Farmer's Cooperative Fertilizer Co., Blackstone, Va.	Mixing plant	November, 1912	Operating on leased property.
Farmer's Cooperative Fertilizer Co., Richmond, Va.	do	do	Do.
Farmer's Cooperative Fertilizer Co., Kenbridge, Va.	do	do	Do.
Armour Fertilizer Works (New Jersey), Habana, Cuba.	do	January, 1913	Do.
Armour Fertilizer Works (New Jersey), Greensboro, N. C.	General fertilizer manufacturing.	April, 1913	Built by Armour Fertilizer Works.
Hope Fertilizer Co., Hope, Ark	Mixing plant	December, 1913	Operating on leased property.
Armour Fertilizer Works (New Jersey), Houston, Tex.	General fertilizer manufacturing.	June, 1914	Built by Armour Fertilizer Works.
Armour Fertilizer Works (New Jersey), Matanzas, Cuba.	do	June, 1916	Do.
Armour Fertilizer Works (New Jersey), New Orleans, La.	do	1910	From Planters' Fertilizer & Chemical Co.
Armour Fertilizer Works (New Jersey), Louisville, Ky.	Mixing plant	1909	From Tennessee Chemical Co.
Armour Fertilizer Works (New Jersey), Jeffersonville, Ind.	do	September, 1917	Built by Armour Fertilizer Works.

SWIFT & Co.—The first slaughtering plant built by the Swift interests, prior to the formation of Swift & Co. in 1885, was equipped with a fertilizer department for the manufacture of animal fer-

tilizer. This was in Chicago. Most of the Swift slaughtering plan erected since that date were presumably constructed with fertiliz departments, but the Commission does not have definite inform tion on this point. Eight Swift slaughtering plants (including tl Chicago plant) which were built or acquired from about 1880 1902 are here given, with dates. These plants had animal fertiliz departments by 1914, but the Commission is not informed wheth they were thus equipped from the beginning. The eight plants, wi date as respects slaughtering, are: Chicago, 1880; Kansas Cit Kans., 1888; Omaha, Nebr., 1888; East St. Louis, Ill., 1890; S Joseph, Mo., 1898; St. Paul, Minn., 1898; Fort Worth, Tex., 190 Newark, N. J., before 1903.

With respect to Swift & Co.'s plants for manufacture of mix fertilizers, etc., the information is more definite. The list of the plants, the first of which were at Atlanta and at Wilmington, N. C in 1902, is as follows:

Swift & Co. fertilizer plants producing mixed fertilizers, etc.

Name of company.	Location of plant.	Da
Swift & Co	Atlanta, Ga	1
Do	Wilmington, N. C	1
Do	Baltimore, Md	1
Do	Cleveland, Ohio	1
Do	Chester, S. C	1
Do	Savannah, Ga	1
Do	Columbia, S. C	1
Do	Moultrie, Ga	[1] 1
Do	Albany, Ga	[1] 1
Do	Shreveport, La	[1] 1
Do	Harvey, La	[1] 1

[1] Or earlier.

Section 6.—Proportion of production by the Big Five packers and by t other principal companies in the cottonseed oil industry.

Large quantities of cottonseed oil and other cottonseed produc are used by all the big packing companies in the manufacture of ole margarine, lard compound, cooking oils, soap, fertilizers, etc. T five leading packing companies have refineries for the production refined cottonseed oil. Armour, Swift, and Morris also own or co trol mills for crushing seed to produce the crude oil, but Cudahy a Wilson are not engaged in this branch of the business.

The leading companies in the production of both crude and refin cottonseed oil are the Southern Cotton Oil Co., the American Cott Oil Co., and the Procter & Gamble companies.[1] These three produ more than one-quarter of the entire crude cottonseed oil output the country and more than two-fifths of the refined oil.

[1] This group includes the Procter & Gamble Co., the Procter & Gamble Manufactur Co., and the Buckeye Cotton Oil Co. The company last named does not produce refi oil.

CRUDE OIL.—Very large quantities of crude cottonseed oil are used in the plants of the Big Five in the manufacture of different products, much the greater part of which is bought from other concerns. The combined production of crude oil by Swift, Armour, and Morris was less than 8 per cent of the total output of the country for the season 1916–1917; and as has been stated above, Cudahy and Wilson do not own or control any cotton oil mills.

The following table shows the total production of crude cottonseed oil reported to the Federal Trade Commission for the season 1916–17, and the individual output for each of the 11 companies which produced not less than 2,000,000 gallons in that season. This table shows that Swift produces less than 5 per cent of the total output of crude, and Armour and Morris each less than 2 per cent. The importance of the Southern, American, and Procter & Gamble companies in the manufacture of crude is the most striking feature of the table. The other leading producers of crude besides those already mentioned are the Empire Cotton Oil Co., Atlanta, Ga.; the Southland Cotton Oil Co., Paris, Tex.; the Osage Cotton Oil Co., Chattanooga, Tenn.; the Chickasha Cotton Oil Co., Chickasha, Okla.; and the International Vegetable Oil Co., Atlanta, Ga.

TABLE 54.—*Crude cottonseed oil production—Three big packers' proportion, with proportion of other chief companies, season of 1916–17.*

	Tons of seed crushed.	Crude oil produced.	
		Gallons.	Per cent.
Grand total	4,172,784	172,212,016	100.0
Southern Cotton Oil Co.	419,515	18,626,704	10.8
American Cotton Oil Co.[1]	375,273	16,071,888	9.3
Procter & Gamble[2]	269,958	11,993,691	7.0
Total, 3 chief companies	1,064,776	46,692,283	27.1
Swift & Co.	191,315	7,904,855	4.6
Armour & Co.	74,005	3,059,340	1.8
Morris & Co.	57,705	2,401,219	1.4
Total, Swift, Armour, Morris	323,025	13,365,414	7.8
Empire Cotton Oil Co.	90,701	4,116,436	2.4
Southland Cotton Oil Co.	77,800	3,128,092	1.8
Osage Cotton Oil Co.	66,666	2,615,001	1.5
Chickasha Cotton Oil Co.	62,024	2,479,532	1.4
International Vegetable Oil Co.	50,853	2,209,662	1.3
Total, 11 leading companies	1,735,845	74,606,420	43.3
All other	2,436,939	97,605,596	56.7

[1] Mills owned and operated by the Union Seed & Fertilizer Co., a subsidiary, and the Industrial Cotton Oil Properties, a trust estate.
[2] Mills owned and operated by the Buckeye Cotton Oil Co., a subsidiary of the Procter & Gamble Co.

REFINED OIL.—The output of the Big Five packers forms an important factor in the production of refined cottonseed oil. They manufactured in the season of 1916–17 nearly one-third (31.8 per cent) of the total output reported to the Federal Trade Commission

by all producers, which amounted to 201,389,000 gallons. Thirteen companies each manufactured at least 3,000,000 gallons of refined oil in the season of 1916–17, as is shown in the following table. In this table the Big Five are grouped together, though this prevents a strict arrangement of companies in order of quantities produced:

TABLE 55.—*Refined cottonseed oil production—Big Five packer proportion, with proportion of other chief companies, season of 1916–17.*

	Crude oil refined, gallons.	Refined oil produced.	
		Gallons.	Per cent.
Grand total	216,590,373	201,389,368	100.0
Procter & Gamble[1]	35,667,250	32,918,649	16.3
Southern Cotton Oil Co	33,146,800	30,886,000	15.3
American Cotton Oil Co	23,651,197	22,102,772	11.0
Total, 3 chief companies	92,465,247	85,907,421	42.6
Swift & Co	22,104,135	20,805,862	10.3
Armour & Co	17,443,372	16,272,101	8.1
Wilson & Co., Inc	15,207,176	14,220,823	7.1
Morris & Co	9,139,418	8,526,491	4.2
Cudahy Packing Co	4,450,958	4,174,477	2.1
Total, Big Five	68,345,050	63,999,754	31.8
Magnolia Provision Co	13,887,994	12,624,022	6.3
Portsmouth Cotton Oil Refining Corporation	7,169,652	6,652,903	3.3
Dixie Refining Co	4,111,111	3,823,334	1.9
Dallas Oil Refining Co	3,628,294	3,224,536	1.6
Capitol Refining Co	3,422,397	3,140,500	1.6
Total, 13 leading companies	193,049,754	179,372,470	89.1
All other	23,540,619	22,016,898	10.9

[1] The Procter & Gamble Co. and the Procter & Gamble Manufacturing Co.

PRINCIPAL COMPANIES NOT IN THE PACKER GROUP.—It has already been stated that the Procter & Gamble companies, the Southern Cotton Oil Co., and the American Cotton Oil Co. are the three leaders in the production and refining of cottonseed oil. This is brought out clearly in the tables just given. A brief description of these companies follows.

Procter & Gamble interests.—Three companies are included in this group, viz, the Procter & Gamble Co., the Procter & Gamble Manufacturing Co., and The Buckeye Cotton Oil Co. The principal business office of all these companies is in Cincinnati.

The Procter & Gamble Co. owns cottonseed oil refineries at Ivorydale (near Cincinnati), Ohio, and at Macon, Ga. This company was incorporated in Ohio May 5, 1905, as successor to a New Jersey corporation of the same name. The outstanding capital stock is $14,598,468 common and $2,250,000 preferred. The Procter & Gamble Manufacturing Co. owns refineries at Kansas City, Kans., and Port Ivory, Staten Island, N. Y. It was incorporated in Ohio, May 23, 1910, to take over the manufacturing business outside of Ohio. The outstanding capital stock is $1,000,000 common, all of which, ex-

cept qualifying directors' shares, is owned by the Procter & Gamble Co.

These two companies do not operate oil mills for the production of crude cottonseed oil. This branch of the business is handled by the Buckeye Cotton Oil Co., which operates altogether 12 oil mills in North Carolina, Georgia, Alabama, Mississippi, Tennessee, and Arkansas, but owns no refineries. The outstanding capital stock is $200,000, common, all owned by the Procter & Gamble Co., and $50,000 preferred.

Southern Cotton Oil Co. (subsidiary of Virginia-Carolina Chemical Co.).—The Southern Cotton Oil Co. was incorporated in New Jersey, March 5, 1887, and is capitalized at $10,000,000. It is now a subsidiary of the Virginia-Carolina Chemical Co., the latter having acquired control in 1901. The Southern company (with one subsidiary and one affiliated company) owns and operates 75 oil mills scattered widely through the cotton States. It also has refineries at Augusta, Charlotte, Memphis, New Orleans, and Savannah, as well as one in Bayonne, N. J. No production of refined oil is reported for the Augusta and Charlotte refineries for the season 1916–17.

American Cotton Oil Co.—This company was incorporated October 14, 1889, as successor to the American Cotton Oil Trust. The outstanding capital stock is $20,237,100 common and $10,198,600 preferred. It does not own mills directly, but a subsidiary, the Union Seed & Fertilizer Co., operates mills at 36 places in the cotton States. The latter company was incorporated in New Jersey December 3, 1890, as the Union Oil Co., and the present name was adopted in 1913. The entire outstanding capital stock of $8,540,475, except qualifying directors' shares, is owned by the American Cotton Oil Co. The Industrial Cotton Oil Properties, a trust estate, affiliated with the American Cotton Oil Co., also operates four oil mills, all in Texas.

The Union Seed & Fertilizer Co. does not operate refineries, but the American company owns refineries at Gretna, La., Chicago, Guttenberg, N. J., Providence, R. I., Cincinnati, St. Louis, and Memphis. The two last-named refineries were not operated in the 1915–16 or 1916–17 seasons.

The N. K. Fairbank Co., a subsidiary of the American Cotton Oil Co., has plants at Chicago, St. Louis, Guttenberg, N. J., and Gretna, La., manufacturing lard compounds and lard substitutes, soap, and soap powders.[1]

Other companies.—Table 55, on page 216, includes besides the companies just described and the Big Five five other companies, each of which produced over 3,000,000 gallons of refined oil in the season 1916–17. These are the Magnolia Provision Co., of Houston, Tex.; Portsmouth Cotton Oil Refining Corporation, of Portsmouth, Va.;

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[1] Lard compounds and lard substitutes are not produced at the St. Louis plant.

the Dixie Refining Co., of Memphis, Tenn.; the Dallas Oil & Refini Co., of Dallas, Tex.; and the Capitol Refining Co., of South Washir ton, Va., which is controlled by the Jacob Dold Packing Co., of Bı falo, N. Y.

PROPORTIONS OF THE BIG FIVE PACKERS AND OTHER PRODUCERS.—T total production of refined cotton seed oil by the Big Five for the s son 1916–17 was roughly 64,000,000 gallons (Table 55, p. 216); and has been pointed out above, this constituted 31.8 per cent of total reported production of the United States. Swift's output about 20,806,000 gallons was nearly one third of the Big Five to and Armour's production of 16,272,000 gallons was more than o quarter of that amount, and Wilson's (about 14,221,000 gallon more than one-fifth.

The total production of 64,000,000 gallons by the five largest pa ing companies may be compared with a total of nearly 86,000,(gallons manufactured by the three leading producers, namely, Pr ter & Gamble, the Southern, and the American companies. They p duced 42.6 of the total output of the country, as compared with 3 per cent of the big packers. The proportion of the total out produced by Procter & Gamble and the Southern company togetl (31.6 per cent) is almost identical with that of the Big Five. T three leading interests in the cottonseed oil business and the f largest packing companies together manufactured approximat three-quarters (74.4 per cent) of the refined oil product of United States for the season 1916–17.

Section 7.—Growth of the packers in the cottonseed-oil industry.

ACQUISITION OF CRUDE-OIL MILLS—*Joint purchase of "Ehle Mills."* The control of cottonseed oil mills for the production of crude by the Armour, Swift, and Morris interests dates back at least far as 1902. At that time four Texas mills were acquired by G. Swift, J. O. Armour, and Edward Morris, acting together eitl individually or for their respective companies. These were the varado and Grand View Mills in Johnson County, the Itasca Mill Hill County, and the West Mill in McLennan County. Later Temple Oil Mill in Bell County, Tex., was bought by the same int ests. The title to the land on which these mills were located was c veyed to Louis C. Ehle, at that time an employee of Henry Vee and Albert H. Veeder, legal counsel for Swift & Co. Ehle in turn ecuted declarations of trust showing that he held this real est for the benefit of Armour, Swift, and Morris.[1]

In 1907 seven additional mills were acquired by L. F. Swift,[2] J.

[1] Arba N. Waterman et al. v. Louis C. Ehle et al. in the Circuit Court of Cook Cou Ill., in chancery No. B. 4924, in 1915: Answer of Swift, Armour, et al., par. pp. 11–12.

[2] G. F. Swift died in 1903.

Armour, and Edward Morris, together, either individually, or for their respective companies and the property conveyed to Louis C. Ehle. Four of these mills were in Texas and three in Arkansas. The Texas mills were located, respectively, at Gatesville, Coryell County; Houston, Harris County; Waco, McLennan County; and Greenville, Hunt County. The Arkansas mills were at Little Rock, Pulaski County; Forrest City, St. Francis County; and Pine Bluff, Jefferson County.

In 1911 the Shelby County Cotton Oil Mill (Memphis, Tenn.) was bought by Swift, Armour, and Morris for $110,000, out of profits of the oil mills already operated in their interest. The title to this property was also conveyed to Ehle.

As in the case of the earlier purchases, when the legal title to these mills was conveyed to Ehle, the latter executed declarations of trust, showing that he held the property for the benefit of Swift, Armour, and Morris. He also executed conveyances in writing of each of the pieces of real estate with respect to which he had executed declarations of trust. The names of the grantees in these conveyances were left blank and the blank conveyances or deeds were delivered to Henry Veeder and Albert H. Veeder, "with the power to at any time insert therein the name of any grantee who might be designated by the owners of said property.[1]

It was averred by Waterman et al. that the existence of these declarations of trust was carefully kept secret and concealed from the public and that from the date of the conveyances mentioned above down to about March 27, 1914, Ehle continued to be the apparent absolute owner of the oil-mill property described in the deeds. Swift, Armour, et al. denied that any effort was made to keep secret the fact that they had received the declarations of trust from Ehle, but admitted that the declarations of trust were not filed for record in the several counties in which the oil mills were situated.

The Armour, Swift, and Morris interests admitted that they had purchased large quantities of cottonseed oil from them, and that thereby they had been the beneficiaries of the acquisition of these properties. They also averred that though the title was conveyed to Ehle, the mills were operated first under the title of "The G. F. Swift Oil Mills"; and after the death of G. F. Swift, in 1903, until 1907, under the title of "The L. F. Swift Oil Mills." It was further averred that in the latter years the title was changed to "The L. C. Ehle Oil Mills," but that in Texas and Arkansas the mills continued to be commonly known as "The Swift Oil Mills."[2]

It was also stated by L. F. Swift, J. O. Armour, and the executors of Edward Morris in these legal proceedings that the business con-

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[1] Waterman v. Ehle. Answer of Swift et al, par. 30, p. 17.
[2] Ib., par. 22, pp. 12–13, and par. 25, p. 14.

ducted under the title of "The L. C. Ehle Oil Mills" was manage by Francis W. Dewson, and that on March 27, 1914, Ehle made coı veyance of record of these properties to Dewson. They also asserte that from that date until June 6, 1914, Dewson "held himself out t be the owner and proprietor of said oil mills and of the business coı ducted therein"; and that on the date last mentioned Dewson coı veyed the property and business of these oil mills as follows: T Edward Tilden, the Itasca, West, Gatesville, Houston, Waco, Litt Rock, and Shelby County (Memphis) mills; to Charles A. Allin Grand View, Greenville, Forrest City, and Pine Bluff mills; t Robert C. Bonham the Temple and Alvarado mills.[1]

In 1915 the State of Texas brought suit against Swift & C Armour & Co., Morris & Co., and certain of their subsidiaries opera ing in Texas, and against certain individuals, alleging that tl parent companies really owned the so-called Ehle oil mills in Tex and that they were operating them in violation of the Texas ant trust laws.

As a result of the litigation the packers were enjoined and tl State of Texas appointed three receivers for the purpose of assurir the disposition of the properties in harmony with the law.[2]

The Armstrong Packing Co., which operates a refinery at Dalla Tex., and was controlled by Armour & Co., was not made a defenda in this suit, the fact of its control by Armour & Co. being secret.

R. J. Dunham, agent for J. O. Armour, reports that on June 3 1917, he made an agreement with E. L. Flippen, president of tl Armstrong Packing Co., purporting to be an agreement of sale of tl stock of the Armstrong Packing Co. to Flippen. This agreement w not carried out, but it is alleged that a modified arrangement w subsequently entered into. (See p. 286.)

Swift mills—Consumers' Cotton Oil Mills (*not Inc.*); *Bencini Co ton Oil Mills.*—It has been mentioned on this page that seven (the so-called Ehle mills were stated to have been conveyed by Dews to Edward Tilden, June 6, 1914. These mills, and one at Fort Wort according to a report by Dewson, acting as manager, were conducte by Edward Tilden and the estate of Edward Tilden, deceased, in tl name of the Consumers Cotton Oil Mills (not incorporated), fro June 6, 1914, to August 6, 1917. On the latter date a trust agre ment was entered into, under which the property is held and operate by three trustees for the benefit of holders of negotiable certificat or evidences of interest for 5,000 shares without nominal or p value. A certificate for the entire 5,000 shares was issued (Au

[1] Ib., par. 37, p. 22; par. 41, p. 27; and par. 42, pp. 49–50.
[2] State of Texas v. Swift & Co. et al., No. 31947, in the District Court of Travis Count Tex., for the twenty-sixth judicial district.

6, 1917) to William F. Burrows, and still stands in his name. It has, however, been indorsed in blank and delivered to L. A. Carton, who holds it for the benefit of Swift & Co.

The Swift interests have also secured control of another group of seven Texas mills, in which Morris interests are also represented. These mills are operated by an unincorporated association known as the Bencini Cotton Oil Mills, with principal office at Fort Worth, Tex. The association was formed under an agreement dated March 16, 1915, and the trustees are C. H. Bencini, Fort Worth; Merrill W. Tilden, and Nelson N. Lampert, Chicago. Certificates of ownership covering 9,000 shares have been issued.

L. F. Swift owns in his own right 4,808.46 shares; the estate of Edward Morris 2,404.23 shares; and the remainder (1,787.31 shares) are owned by C. H. Bencini in his own right.[1] This association operates seven crude oil mills, all in Texas, at the following points: Brady, Brownwood, Dublin, Stephenville, Hico, Hamilton, and Coleman.

The Alamo Oil & Refining Co. operates a mill at San Antonio, Tex and the Rotan Oil Co. one at Rotan, Tex. C. H. Bencini holds all but four of 1,000 shares of stock of the Alamo company, 748 of which are held by him for Louis F. Swift. The company was incorporated in May, 1907. The Rotan company was incorporated October 30, 1916, and the mill was operated for the first time during the season 1916–17. The capital stock is $50,000 and C. H. Bencini holds $30,000 of this for the Bencini Cotton Oil Mills.

In addition to the mills which have been mentioned, which are controlled indirectly, Swift & Co. own and operate in their own name oil mills at Columbia, S. C., and Atlanta and Augusta, Ga. The mill at Columbia was acquired in 1911, the Atlanta mill in 1913, and the Augusta mill in 1915.

Armour mills.—Armour & Co. does not operate cotton-oil mills in its own name, but controls several mills through its representatives. Two of these are the mills at Temple and Alvarado, Tex., which have already been referred to as conveyed to Robert C. Bonham by Francis W. Dewson, who was manager of the so-called "Ehle mills." This conveyance, according to the statement, was made June 6, 1914, and according to reports made by the managers of the Temple and Alvarado mills, respectively, R. C. Bonham is proprietor, and holds for the benefit of Armour & Co.

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[1] In June, 1918, C. H. Bencini sold his interest to L. F. Swift and the estate of Edward Morris, and certificates representing this interest were transferred to the name of H. A. Chetham, and indorsed by him in blank. In October, 1918, L. F. Swift purchased the interest of the estate of Edward Morris in the Bencini Cotton Oil Mills, and on Nov. 2, 1918, sold all his holdings in this property to the Consumers' Cotton Oil Mills (not Inc.).

The Rome Oil & Fertilizer Co. produces crude cottonseed oil at its plant in Rome, Ga. This company was incorporated in October, 1905, and was acquired by the Armour interests not later than September, 1909. It is reported as "Armour owned" and F. W. Croll, treasurer of Armour & Co., holds as trustee $79,616.67 of the $100,000 capital stock.

The East St. Louis Cotton Oil Co. was incorporated in 1903, and control was secured by the Armour interests through purchase of stock in 1912. The total capital stock is $250,000, all of which is held for Armour & Co. The mill is located at National Stock Yards, Ill.

The Richmond Cotton Oil Co. mill at Kennett, Mo., was bought by the East St. Louis Cotton Oil Co., August, 1917.

The Lookout Oil & Refining Co., which operates an oil mill in conection with the refinery at Chattanooga, Tenn., also reports that it operates the Corinth Oil Mill at Corinth, Miss. An affiliated concern is the Chattanooga Oxygen Gas Co., operating a fat hardening and oxygen gas plant. The Lookout Oil & Refining Co. was incorporated March 25, 1916. F. W. Croll, as trustee for Armour & Co., holds $291,667 of the $350,000 capital stock.

Morris mills.—Francis W. Dewson, on June 6, 1914, according to the statement cited above, conveyed to Charles A. Alling four mills of the Ehle group, viz, those at Grand View and Greenville, Tex., and at Forrest City and Pine Bluff, Ark. These mills are now operated under the name of Morris & Co., except the mill at Grand View, Tex., which was disposed of after the season of 1914–15.

ACQUISITION OF COTTON-OIL REFINERIES.—Swift & Co. operate cotton-oil refineries under their own name at Atlanta, Ga.; Charlotte, N. C.; Harvey, La.; and Memphis, Tenn., and also at three packing centers, viz: Chicago, Kansas City, and Fort Worth. The dates of acquisition or of starting the refineries at the four points first mentioned are given as follows: Memphis, 1905; Charlotte, 1907; Harvey, 1911; and Atlanta, 1916.

Armour & Co. operate cotton-oil refineries in their own name at Chicago, Kansas City, Fort Worth, and Jersey City. The production of refined cottonseed oil was not begun at the last-named plant until 1917. The Lookout Oil & Refining Co., also operates a refinery at Chattanooga. Production at this refinery did not begin until the season 1915–16, the company not having been incorporated until March, 1916. The Armstrong Packing Co., of Dallas, Tex., now apparently controlled by Armour-Flippen interests (see p. 220 and p. 285), also operates a cotton-oil refinery.

Morris & Co. operates refineries in its own name at Chicago, Kansas City, East St. Louis, and Oklahoma City.

The Cudahy Packing Co. operates cotton-oil refineries in its own name at Kansas City, Omaha, and Memphis. The refinery at the point last named began operations in 1914. It was acquired by the Cudahy Packing Co., of Illinois, and is now held and operated by the Cudahy Packing Co., of Maine.

Wilson & Co., Inc., operates cotton-oil refineries in its own name at Chicago, Oklahoma City, and Chattanooga. Apparently the Chicago and Chattanooga refineries have begun operations only recently, since the company gives production returns for these refineries only for 1916 and 1917.

Section 8.—Proportion of Big Five in lard compounds and lard substitutes.

PRODUCTION BY INTERSTATE SLAUGHTERERS.—Statistics of production of lard compounds and lard substitutes were secured from interstate slaughterers and are summarized in the following table. This shows the combined production of these commodities for all interstate slaughterers, as well as the production of the Big Five individually and collectively. The figures cover the calendar year 1916 and the first half of 1917:

TABLE 56.—*Lard-compound and lard-substitute production of interstate slaughterers—Big Five packer proportion, 1916 and Jan. 1 to June 30, 1917.*

[See Table 57 for additional production of cottonseed-oil manufacturers.]

	1916		Jan. 1 to June 30, 1917.	
	Pounds.	Per cent.	Pounds.	Per cent.
Big Five, total	356,425,708	84.7	236,836,185	87.0
Swift interests	143,773,024	34.2	94,029,815	34.5
Armour interests	[1] 99,736,105	23.7	[2] 68,276,493	25.1
Morris interests	44,164,386	10.5	28,710,614	10.5
Wilson & Co., Inc	39,565,769	9.4	27,906,345	10.3
Cudahy Packing Co	29,186,424	6.9	17,842,918	6.6
All other	64,211,884	15.3	35,528,604	13.0
Total, interstate slaughterers	420,637,592	100.0	272,364,789	100.0

[1] These figures (except for 2 plants) are for the fiscal year ending Oct. 28, 1916.
[2] These figures (except for 2 plants) are for the 34 weeks ending June 23, 1917.

The total production of lard compounds and lard substitutes by interstate slaughterers in the year 1916 was approximately 420,638,000 pounds, of which 356,426,000 pounds was made by plants owned or controlled by the Big Five and 64,212,000 pounds by all other interstate slaughterers together. The production of the Big Five was very nearly 85 per cent of the total output of all interstate slaughterers, and that of all independent interstate slaughterers combined was but little over 15 per cent.

Swift interests led the Big Five with an output of 143,773,000 pounds, or more than one-third (34.2 per cent) of the production of all interstate slaughterers (including the independents). The production of the Armour interests was 99,736,000 pounds, or nearly one-quarter (23.7 per cent) of the total. These two interests together made not far from three-fifths of the product of all interstate slaughterers. The Morris interests produced a little more than 10 per cent and Wilson & Co., Inc., a little less than 10 per cent of this total output. The Cudahy Packing Co. had an output of nearly 7 per cent of the total for interstate slaughterers.

The proportions for the first half of 1917 do not differ greatly from those for 1916, but the per cent for the Armour interests is considerably larger, and the combined production of the independents is only 13 per cent for the later period as against 15.3 per cent for 1916.

PRODUCTION BY INTERSTATE SLAUGHTERERS AND BY COTTONSEED-OIL MANUFACTURERS.—Cottonseed-oil manufacturers also form an important group of producers of lard compounds and lard substitutes. The following table shows the production by this group as compared with the output of the Big Five:

TABLE 57.—*Lard-compound and lard-substitute production of interstate slaughterers and cottonseed-oil manufacturers—Big Five packer proportion, 1916 and Jan. 1 to June 30, 1917.*

	1916		Jan. 1 to June 30, 1917.	
	Pounds.	Per cent.	Pounds.	Per cent.
Big Five [1]	356,425,708	42.5	236,836,185	49.4
All other interstate slaughterers	64,211,884	7.6	35,528,604	7.4
All cottonseed oil manufacturers	418,761,439	49.9	207,186,164	43.2
Total interstate slaughterers and cottonseed-oil manufacturers	839,399,031	100.0	479,550,953	100.0

[1] Includes production by the Big Five in their cottonseed-oil plants.

This table shows the total output of these two groups of producers. This, however, must not be taken as the total production of the country, since these commodities are also manufactured by other concerns which are engaged neither in slaughtering nor in the production of cottonseed oil. The Commission's figures do not include the production of this class of companies, neither do they cover any production by slaughterers doing a purely intrastate business. Therefore, the totals in the above table do not cover the entire production of the country; but it is probable that they do include a large part of the entire output by all classes of producers.

The total production for the year 1916, as shown in table 57, was 839,399,000 pounds, of which the output of cottonseed-oil manufacturers was 418,761,000 pounds, or almost exactly one-half (49.9 per cent). The output of the Big Five (356,426,000 pounds) was 42.5

per cent of this total, and the production by independent interstate slaughterers (64,212,000 pounds), 7.6 per cent.

The figures for the first half of 1917 show a much larger proportion of production by the Big Five and much smaller by the cottonseed-oil manufacturers. In fact, the proportions are almost reversed as compared with those for 1916. For this later period the Big Five had an output of 236,836,000 pounds, or 49.4 per cent of the total (479,551,000 pounds) for both interstate slaughterers and cottonseed-oil manufacturers, while the latter had only 43.2 per cent as against 49.9 per cent for 1916.

It is well to note that these statistics of production of lard compounds and lard substitutes by cottonseed-oil manufacturers cover the same companies that are covered in the statistics of section 5 on cottonseed-oil refining, and that the production of lard compounds and lard substitutes is concentrated in much the same hands as is the refined oil.

MONTHLY STOCKS HELD BY INTERSTATE SLAUGHTERERS.—Reports from interstate slaughterers only were secured covering monthly stocks of lard compounds and lard substitutes. Table 58 below shows that whereas the Big Five produced in 1916 84.7 per cent (see table 56) of the lard compounds and substitutes manufactured by interstate slaughterers the average of their monthly holdings for that year was 91 per cent. The detail of this table by months and tables showing the monthly fluctuation of stocks are found in Exhibits VII and VIII.

TABLE 58.—*Lard compound and lard substitutes, monthly average stocks of interstate slaughterers—Big Five packer proportion, 1916.*

	Monthly average stocks.	
	Pounds.	Per cent.
Big Five	19,778,404	91.0
All other	1,965,743	9.0
Total, interstate slaughterers	21,744,147	100.0

Section 9.—Proportion of Big Five in soap stock produced from cottonseed oil.

Table 59 gives the production of soap stock derived from cottonseed oil only, omitting soap stock from other sources. The figures are for the season 1916–17 and show a combined production for the Big Five of slightly more than 30 per cent of the total for the country from this source. The producers of this soap stock are themselves large manufacturers of soap, selling their surplus soap stock to outside soap manufacturers. The packers, however, use a greater proportion of their soap stock themselves in making soap than do the

other companies included in this table. Thus while they produce 30.2 per cent of the stock produced by all the companies in the table they use in manufacture 32.3 per cent of the stock used by all thes companies.

TABLE 59.—*Cottonseed oil soap stock production*[1] *by cottonseed oil manufacturers, season of 1916–17, and quantity of such soap stock used by them in manufacture of soap, 1916—Big Five packer proportion.*

	Produced 1916-17.[1]		Used 1916.[1]	
	Pounds.	Per cent.	Pounds.	Per cen
Big Five	40,561,032	30.2	32,466,356	32
Swift interests	8,102,798	6.0	5,987,041	5
Armour interests	15,421,922	11.5	20,811,750	20
Morris interests	9,454,289	7.1	572,480	
Wilson & Co., Inc.	3,803,623	2.8	....	......
Cudahy Packing Co.	3,778,400	2.8	5,095,085	5
All other	93,795,106	69.8	68,022,557	67
Total cottonseed oil manufacturers	134,356,138	100.0	100,488,913	100

[1] Does not include soap stock derived from sources other than cottonseed oil.

Section 10.—Proportion of production of oleomargarine controlled by th "oleo legislative pool."

Artificially colored oleomargarine, or butterine, has paid, sinc 1902, a Federal tax of 10 cents per pound, the noncolored paying onl one-fourth cent per pound. The output of uncolored product ha more than trebled within the last decade, increasing especially durin the period of the war. During the fiscal year ending June 30, 1916 there were produced in the United States 6,748,940 pounds of th artificially colored product and 145,760,973 pounds of the uncolore as compared with 8,012,031 pounds and 225,158,080 pounds, respec tively, in the year ending June 30, 1917. These figures are from th published reports of the Internal Revenue Bureau.[1]

The "Oleo Legislative Pool," as it is called, has been referred t in the summary of this report. It is composed of six oleomargarin manufacturers pledged to divide assessments levied by Henry Veede chief counsel for Swift & Co., expended to influence legislation in th joint interest of the pool members. These members are Swift & Co Armour & Co., Morris & Co., Wilson & Co., Inc., and two non packer concerns, John F. Jelke & Co. and W. J. Moxley, Inc., th Jelke company being a larger producer than any one of the packer The assessments are levied on each company on the basis of the pro portion of the total production of all six members in the precedin year. In the files of the packers the Commission found document

[1] Annual Report of the Commissioner of Internal Revenue, 1917, p. 150.

showing these facts and giving the production and percentage of each member for the fiscal year ending June 30, 1916.

The following table combines the production figures and percentages from the packers' files with the total production for the entire country as published by the Internal Revenue Bureau, and arrives at the proportion of participation in the industry by the members of the pool. On the packer memorandum the companies are indicated by initials which have been properly identified in the table by name. Two of the companies, the Friedman Manufacturing Co. and G. H. Hammond Co., are subsidiaries—the first of Armour & Co., the second of Swift & Co.—and the totals for the Armour interests and the Swift interests have therefore been struck, as well as for the packer and nonpacker members of the pool. The Cudahy Packing Co. was not a member. Its production is thrown in with "all other" in the table.

TABLE 60.—*Oleomargarine production—Oleo Legislative Pool's proportion, July 1, 1915, to June 30, 1916.*

[Words and figures in brackets inserted by the Federal Trade Commission.]

	Pounds produced.	Per cent. [Pool total.]	Per cent. [United States total.]
A. [Armour & Co.]	14,000,929	12.387	[9.2]
F. [Friedman Manufacturing Co., subsidiary]	7,060,361	6.246	[4.6]
[Total Armour interests]	[21,061,290]	[18.633]	[13.8]
S. [Swift & Co.]	21,740,936	19.234	[14.3]
H. [G. H. Hammond Co., subsidiary]	4,127,638	3.652	[2.7]
[Total Swift interests]	[25,868,574]	[22.886]	[17.0]
M. [Morris & Co.]	11,846,959	10.481	[7.8]
W. [Wilson & Co., Inc.]	4,821,000	4.265	[3.1]
[Total packer]	[63,597,823]	[56.265]	[41.7]
J. [Jno. F. Jelke Co.]	36,364,375	32.172	[23.8]
W. J. M. [W. J. Moxley, Inc.]	13,069,873	11.563	[8.6]
[Total, Jelke and Moxley]	[49,434,248]	[43.735]	[32.4]
[Total, pool]	113,032,071	100.000	[74.1]
[All other]	[1][39,477,842]	....	[25.9]
[Grand total, United States]	[2][152,509,913]	....	[100.0]

[1] By subtraction. [2] Annual Report of the Commissioner of Internal Revenue, 1917, p. 150.

THE PACKER MEMBERS.—The total production of oleomargarine, colored and uncolored, in the United States in the fiscal year ending June 30, 1916, as is shown by the figures cited at the beginning of this section, was 152,509,913 pounds of which, according to the above statement from the packers' files, 63,597,823 pounds were produced

by the four packer members of the oleomargarine legislative pool. These four packer interests therefore produced in the fiscal year 1916 over two-fifths of the total oleomargarine for the country.

Figures of oleomargarine production for the calendar year 1916 and the first six months of 1917 were secured by the commission from all interstate slaughterers. These figures for the later periods corroborate, in general, the proportion of the United States total that was produced by the big packers. The Cudahy Packing Co. in the calendar year 1916 produced 686,312 pounds of oleomargarine but reported no manufacture of this commodity in the first six months of 1917.

Independent interstate slaughterers produced less than 1 per cent of the total for the country.

THE TWO NONPACKER MEMBERS.—The Jelke and Moxley companies, the only nonpacker members of the legislative pool, in the fiscal year ending June 30, 1916, produced about one-third of the country's total.

In the same year, the combined output of the six companies thus associated in a legislative pool constituted 74 per cent of the oleomargarine production of the United States. All other producers accounted for only 26 per cent.

Section 11.—Importance of Armour in the grain trade and entry into cereal and stock-feed businesses.

Armour is the only one of the big packers, who appears to be interested in the grain trade, although James A. Patten, a large stockholder of Swift & Co., is also one of the important factors in the cereal markets.

The Armour Grain Co. is a close corporation in which J. Ogden Armour owns 64 per cent of the stock and other members of the family 22.9 per cent. Directly or through its subsidiary or trade name companies the Armour Grain Co. operates over 90 country elevators. Its eight terminal elevators at Chicago and its two elevators at Kansas City constitute 25 per cent of the total elevator capacity of those cities. In 1917 its sales were 74,847,000[1] bushels or 22.6[1] per cent of all receipts of grain at Chicago, the greatest market of the world, and its business is rapidly growing. Nearly all of this was directly merchandized and only a small fraction sold on commission.

In the manufacture of breakfast foods, stock and chicken feeds the Armour Grain Co. is expanding especially in the line of producing retail brands. Within the last three or four years it has

[1] These figures given in the summary on page 37 in round numbers as 75,000,000 and 23 per cent.

undertaken the manufacture of Armour's Oats, has taken over the Buffalo Cereal Co. with its many brands of cereal foods and animal feeds, and on September 1, 1917, took over the Maple-Flake Mills, of Battle Creek, Mich.

In connection with its line of country elevators, the Armour Grain Co. merchandizes fertilizer, feed, coal, fence posts, wire fencing, builders' hardware, binding twine, lumber, mill work, cement, lime and plaster, brick, sand, gravel, and roofing.

Section 12.—Growing importance of big packers in various other foods and substitutes for meat.

The business of the packing companies originally was limited to the slaughter of live stock and the distribution of meat and animal products and by-products. Now, however, they are rapidly extending their control over all possible substitutes for meat—fish, poultry, eggs, milk, butter, cheese, and all kinds of vegetable oil products—and have secured strategic points of collection, preparation, and distribution of these products.

It is significant that in the year 1917, Armour & Co., as incidents to its business of the year—

From the position of one handling practically no rice, became the greatest rice merchant in the world;

Made an *increase* of $9,500,000 in its sales of canned goods, this increase being more than one and a half times as great as the *total* sales of canned goods by two of the largest independent wholesalers in the country, concerns which have built up their trade in the course of a long period of business enterprise.

The reasons why the packers are seeking control of the substitutes for meat—the foods that compete with meat—have been referred to in Chapter II (pp. 91–93.) It is obvious that if the prices of substitutes for meat are once brought under packer control, the consumer will have little to gain in turning to them for relief from excessive meat prices.

An interesting view of the big packers' purpose, as a long-time policy, in going into the field of foods competing with meat is shown by the following extract from a letter by Thomas E. Wilson to Paul D. Cravath. This was written at the time of the change of name of Sulzberger & Sons Co. to the present Wilson & Co., Inc., in 1916. (See Chap. IV of Pt. II.) Thomas E. Wilson, who had been called from the presidency of Morris & Co. to be the executive head of Sulzberger & Sons Co., explains in this letter why he preferred to change the name to "Wilson & Co." rather than to "Wilson Packing Co.," which had been proposed. The reasons are significant.

[Letterhead Sulzberger & Sons Co.]

Mr. PAUL D. CRAVATH,

APRIL 15, 1916.

% Cravath & Henderson,
52 William Street,
New York.

DEAR MR. CRAVATH:—

Since receipt of your telegram, and upon my return from Kansas City, I have been looking into the question of the changing of the name of this corporation.

I find that the Morris people own the corporation known as "The Wilson Packing Company of Chicago and New York." I have talked with the Morris boys regarding this and while they have not as yet definitely said so I believe they will be willing to surrender this corporation to me.

* * * * * * *

I would like, however, to have you and the other folks further consider this question, as I feel that it would be advisable to make the name Wilson & Company rather than to use the word "Packing," and this name would be accessible in Illinois at once.

My chief reason for this recommendation is the fact that we are planning now for the future, and in many of the lines along which I feel we will want to develop, there is an objection to the use of the word "Packing" in the corporation name. This has been the experience of other packers and, as you know, they practically all dropped it, except the Cudahy people.

There is a natural prejudice in many of the lines toward the thought that the articles are manufactured or handled by meat packers. This applies practically to all specialties, such as ammonia, produce, including butter, cheese, etc.; canned specialities, such as fruits, vegetables, etc.; pharmaceutical articles, and a number of others in which I think this concern will, in all probability, be interested in the future, and my idea is to make it as easy as possible to dispose of the commodities and not make it necessary to have to make any apologies. Of course, this objection is not insurmountable and can be overcome by handling these specialties through other corporate names, but there is an objection to this, because of the fact that it makes the work more burdensome and we are not getting the benefit of the advertising that the parent company is entitled to from all these lines.

You will readily appreciate that from my personal viewpoint, one name would be equally as satisfactory as the other, but I do feel it would be desirable to drop the word "Packing" in the corporate name.

However, if after further consideration you and the folks in New York feel differently about it, it will be entirely agreeable to me. I think, however, the change in the name should be brought about at an early date, and I shall be glad to hear from you further in connection with same.

Yours truly,

THOS. E. WILSON.

A further illustration of packer policy in reaching out for control of other foods than meat is supplied by the following advertisement taken from the New York Daily Mail for December 31, 1917:

ARMOUR FOODS FOR MEATLESS DAYS.

It used to be that people associated the name of Armour and Company only with the preparation of meats. To-day, however, the intelligent housewife has come to realize that the Armour name is

synonymous with virtually every food she needs for her table—even though the day be Tuesday. For, under the protection of this big name in foods, she can now secure practically everything for every meal in the week—including the Meatless Day!

Soups, fish, vegetables, fruits, condiments, beverages—she can obtain them all under the guarantee of the Armour name and under the famous Oval Label, which marks the top grade of each kind of product.

Nor has it been mere chance that this is so. It has been because Armour and Company, recognizing the degree in which the Nation has looked to them to safeguard its food supply, has shouldered its responsibilities to the full.

This advertisement is one of a series of the same general tone, aiming to induce consumers to turn to the big packer for most of their food.

POULTRY AND DAIRY PRODUCTS.—Judged conservatively by trade estimates, the Big Five packers handle at least half the poultry, eggs, and cheese in the main channels of interstate commerce. Most estimates by those in close touch with the industry place the total proportion of interstate commerce in dressed poultry and eggs controlled by the packers at a higher percentage than this.

Practically all estimates received stated that the packers handle 75 per cent to 80 per cent of all cheese produced in Wisconsin where 55.6 per cent of the entire country's cheese was made at the time of the last census of manufactures in 1914. In the State of New York, where 26 per cent of the cheese of the country is made, both Swift & Co. and Armour & Co. are buyers of importance. All of the Big Five are distributors of cheese, and all except Wilson & Co. own and control large cheese companies.

The packers are also important factors in the preparation and distribution of condensed and evaporated milk, and are rapidly increasing their proportion. Wisconsin, first among the States in the production of butter and cheese, is covered by their creameries, condensaries, and buying stations, and a similar process of concentration and control is already evident in the other principal dairy States.

At present Swift & Co., through Libby, McNeill & Libby, is the largest operator, among the packers, of plants for manufacturing condensed and evaporated milk, having plants in Wisconsin, Illinois, Indiana, Michigan, Colorado, California, and New York. Armour & Co. has more recently entered this field and is rapidly becoming an important factor. None of the other packers was found to have entered this line of food products as yet.

Swift & Co. is the largest single butter distributor in the United States. It handled in 1916, in round figures, 50,000,000 pounds or

nearly as much as the estimated combined sales of the two largest nonpacker organizations, and the butter department was pushing for an increase of 25 per cent in quantity in 1918 over 1917.

About one-half of this butter was manufactured by Swift & Co. in its own creameries from cream collected at its cream buying stations or in its renovating plants from butter collected from the farmers. The balance was bought from other butter manufacturers. Swift & Co. alone, for its own creameries, collects cream in Arkansas, California, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, Ohio, Oklahoma, Texas, Wisconsin, and Wyoming. Companies owned or controlled by it, such as W. F. Priebe & Co., Western Meat Co., Union Meat Co., and Libby, McNeill & Libby, obtain milk and cream in still other States.

Armour & Co. handle large quantities of butter, in 1916 the butter handled in its branch houses alone being over 28,000,000 pounds. Most of its creamery butter was manufactured by the Eau Claire Creamery Co., Eau Claire, Wis., which is controlled by Armour & Co.; the Kentucky Creameries, Louisville, Ky., which is owned entirely by Armour & Co.; the Oakdale Creamery, Oakdale, Calif., The A. S. Kininmonth Produce Co., Winfield, Kans., and the Michigan Ice & Cold Storage Co., operated by Armour & Co.; and the plant of Armour & Co., in Rochester, Ind. All produce branches of Armour & Co. purchase packing-stock butter for renovating.

The other packers are factors of less importance in the butter industry. Morris & Co. operates no creameries, but controls Sherman White & Co., Fort Wayne, Ind., and buys large quantities of butter manufactured by other concerns. Cudahy Packing Co. owns the D. E. Wood Butter Co., Evansville, Wis. making creamery butter; and the Sunlight Produce Co., Sioux City, Iowa, which purchases butter for renovating. Wilson & Co., Inc.. has no creameries and owns no creamery companies. It purchases dairy butter at its several produce houses, and buys creamery butter from other manufacturers. Some of the butter purchased by the packers is used in their higher grade oleomargarine to give it a butter flavor and quality.

Vegetable oil products are becoming increasingly important as substitutes for animal fats. The most abundant and widely used of the vegetable oils in the United States is cottonseed oil, of which 31.8 per cent was refined by the five big packers in 1916, as shown in an earlier section of this report. An important by-product of the cottonseed oil industry is cottonseed cake and meal which is in demand by live-stock producers.

Big Five proportion of branch house sales of interstate slaughterers.—Poultry and dairy products are sold by other classes of concerns than the interstate packers, and are sold in other ways than through branch houses. However, the poultry, butter, cheese, and eggs that were sold through branch houses by all interstate slaughterers in 1916 are stated in the accompanying table, which shows that the Big Five have a very high proportion of such of these commodities as are handled in branch houses by interstate slaughterers.

It must be understood that this table does not include sales by the Big Five or by independent slaughterers through consignments on commission or through direct sales to wholesalers, or through car routes, or through sales direct from the packing plants to retailers. Nor does it include sales by the packer-controlled produce companies direct to the produce trade without passing through the branch houses. The figures, which are thus severely limited both as a representation of absolute amount and of proportion, are as follows:

TABLE 61.—*Poultry and dairy products sold through branch houses by interstate slaughterers—Big Five proportion, 1916.*[1]

[See preceding paragraph for limitations of this table.]

Interstate slaughterers.	Poultry.		Butter.		Cheese.		Eggs.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.	Dozens.	Per cent.
Big Five	99,782,711	98.5	90,445,172	95.9	78,767,753	93.9	138,749,904	97.9
Swift interests	63,939,829	63.1	38,757,549	41.1	28,692,101	34.2	66,102,902	46.6
Armour interests	19,716,395	19.5	28,883,850	30.6	28,965,983	34.5	40,766,452	28.8
Morris interests	4,633,775	4.6	7,461,561	7.9	7,612,236	9.1	8,707,749	6.1
Wilson & Co., Inc	8,168,187	8.0	7,554,759	8.0	6,515,360	7.8	13,743,442	9.7
Cudahy Packing Co	3,324,525	3.3	7,787,453	8.3	6,982,073	8.3	9,429,359	6.7
All other	1,498,940	1.5	3,893,869	4.1	5,137,591	6.1	3,005,369	2.1
Total interstate slaughterers	101,281,651	100.0	94,339,041	100.0	83,905,344	100.0	141,755,273	100.0

[1] The figures for Swift & Co. are for fiscal year closing Sept. 30, 1916; for Armour & Co., Morris & Co., and Cudahy Packing Co. for fiscal year ending Oct. 31, 1916; for Wilson & Co., Inc. for fiscal year ending Dec. 31, 1916.

The percentages in these tables are very high, but it must be borne in mind, as noted above, that the totals do not by any means cover all the important classes of distributers of these foods, and that they do not cover by any means all of these products distributed by the interstate slaughterers themselves. The Big Five handle large quantities in other ways than through their branch houses. Thus Swift & Co.'s statement in its files of total butter sales in 1916 gives 50,000,000 pounds, while it reports its branch house sales as, roundly, only 38,000,000 pounds.

The independents have a smaller proportion of branch house sales of these nonpacking house foods than of branch house sales of meats. (See Tables 61 and 30.)

The absolute totals shown in the tables for the business of the Big Five in these lines in 1916 are large: Poultry nearly 100,000,000 pounds; butter, 90,000,000 pounds; cheese over 75,000,000 pounds; eggs over 135,000,000 dozens.

Canned fruits, vegetables, etc.—Fruit and vegetable canning and preserving are remote from slaughtering and meat packing, but the big packers, through ownership of their branch house system of distribution, possess special advantages in this field of industry. The Big Five's advantage in the field rests, not so much on their ownership of canning factories, although in some branches their output amounts to more than a quarter of the total for the United States, as upon their rapidly growing control of the wholesale distribution of canned goods. Indicative of the size and rapid expansion of the packer's canned goods business is the fact that Armour & Co. increased its canned goods sales from about $6,500,000 in 1916 to about $16,000,000 in 1917; whereas the combined sales of these products by Austin Nichols Co. and Sprague, Warner & Co., two of the largest independent wholesalers, amounted to only a little more than $6,000,000 in 1917.

Although distribution is the point at which the packers have acquired the greatest control, they are nevertheless entering the field of manufacture. Swift & Co., through Libby, McNeill & Libby, has become a factor of considerable importance, canning tomatoes, beans, baked beans, cabbage, spinach, asparagus, beets, pumpkin, squash, sauer kraut, pears, apples, cherries, grapes, berries, plums, prunes, and pineapples. Libby, McNeill & Libby (Maine) owns 96 per cent of Libby, McNeill & Libby (Ltd.), of Honolulu, engaged in raising and canning pineapples; 100 per cent of the Ahuimanu Pineapple & Ranch Co.; 100 per cent of the Thomas Pineapple Co.; and 50 per cent of the Stetson & Ellison Co., engaged in the canning business.

Armour, Wilson, and Morris have likewise entered the manufacturing phase of the canning field through acquirement of ownership or control of canning companies.

Both canned salmon and other canned fish, as well as dried and salt fish, are handled by Swift and Armour through their branch house systems.

Staple groceries and vegetables.—Recently the big packers began dealing in various staple groceries and vegetables, such as rice, potatoes, beans, and coffee, and increased their sales at such a rate that in certain of the lines they have become factors of great moment.

Here again the selling organization of the packers, built up in connection with their meat business, assures them almost certain supremacy in any line of food handling which they may wish to enter.

Armour's drive into the rice market in a single year is perhaps the most striking instance of the potentialities in this direction. Early in 1917 Armour & Co. first undertook the handling of rice, and in that one year sold more than 16,000,000 pounds of rice, thus becoming at a single move, on the statement of the vice president of the company, "the greatest rice merchant of the world." During this period the wholesale price of rice increased 65 per cent.

Even the oldest and most strongly established wholesaling houses find that line after line of their merchandise is being absorbed by the packers' branch house system. First, the packers encroached on the handling of butter, eggs, and cheese; then on canned goods, and on various kinds of "package goods"; and now are handling increasing quantities of rice, coffee, and other staples.

In 1917 the Big Five's combined sales of meats and all other commodities totaled $2,127,245,000; in 1918 they were over $3,000,000,000.

CHAPTER VI.—CHRONOLOGICAL VIEW OF PACKERS' PROGRESS, 1857–1917.

Section 1.—Chronological chart.

Another significant view of the progress of the five principal packers is obtained by throwing into one chronological sequence their acquisitions of plants and companies and other pertinent facts so far as an historical survey will supply the data. This gives a bird's-eye picture of their ever-expanding activities, and its meaning taken as a whole is unmistakable. The following chart is undoubtedly lacking in detail for the early years; but for the last 15 or 20 years it furnishes a fairly satisfactory record of events measured chiefly in terms of the acquisition of plants and companies. Even in the later years, however, the chart is severely limited by the fact that it does not include by any means all the many expansions through personal investments and control by members of the packing families.

One feature of the chart is the chronology of the various pools and combinations of the packers beginning about 1885 and the record of Government investigations and court proceedings.

The chart or table is arranged to show tersely for a given year the principal facts for each of the Big Five, together with the pertinent general events of that year; and also to enable the reader to trace the development of any one of the five companies, year by year, from

the beginning to date. The principal sources of the information as to companies acquired are the books and corporate records of the companies themselves.

To reconstruct the economic and financial history that lies behind this bare record of outward change would be an undertaking replete with human interest. There can be little doubt that such a history, if it could be written, would reveal imagination, energy, shrewdness, and indomitable determination on the part of the founders of these great slaughtering companies, but would also reveal, even if obscurely, a background of wreckage brought about by unfair and oppressive methods followed by these packers in their progress toward their goal. These methods are set forth in later parts of the report, especially in Part II, which deals with the development and present status of the packers' combination.

TABLE 62.—*The packers' progress, 1857–1917.*

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
1857	Local slaughtering characteristic. Livestock shipped from West to eastern cities. Cincinnati the chief packing center.	....	Gustavus F. Swift, a lad of 18, made $10 killing his first calf at Barnstable, Mass.	....	....	Schwarzschild & Sulzberger have a plant at New York City (1853).	....	1 slaughtering plant.
1860	Chicago takes the lead from Cincinnati as a packing city.	....	....	Morris already established at Chicago (1859).	....	....	....	1 slaughtering plant.
1863	....	P. D. Armour enters pork-packing business at Milwaukee, with firm of Plankinton & Armour.	....	....	....	....	....	1 slaughtering plant.
1865	Union Stockyards & Transit Co. organizes stockyards at Chicago.	....	....	....	....	....	....	
1867	....	Armour & Co., a partnership,[1] is formed, with plant at Chicago.	....	....	....	....	....	1 slaughtering plant.
1868	Refrigerator car patented.	....	....	....	....	....	....	
1869	First car of fresh beef shipped from Chicago to Boston.	A slaughtering plant is established at Kansas City.	....	....	....	....	....	1 slaughtering plant.
1870	St. Louis and East St. Louis come forward as packing centers.	....	....	....	....	....	....	
1871	Kansas City Stockyards Co. opens for business; capital $100,000.	....	....	....	....	....	....	
1872	St. Louis National Stockyards (East St. Louis, Ill.) organized; $1,000,000 capital. Allertons largely interested.	Armour & Co. moves their Chicago plant into the Union Stockyards.	....	....	....	....	....	
1874	....	P. D. Armour builds first large chill room in the world.	....	....		....	....	

[1] Armour & Co., at first subsidiary to Plankinton & Armour, was later entirely an Armour concern.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
1875	....	Philip D. Armour moves from Milwaukee to Chicago, accompanied by Michael Cudahy, superintendent of the Plankinton & Armour plant at Milwaukee, to act as superintendent of Chicago plant.	Gustavus F. Swift comes to Chicago from Buffalo, N. Y., as cattle dealer.	....	....	....	....	
1876[1]	....	....	Swift & Barnes begin shipping refrigerator beef to Boston.	....	....	....	....	
1877	....	Michael Cudahy becomes a partner in Armour & Co.	....	....	....	....	....	
1880[1]	Kansas City develops importance as packing center.	Armour & Co. begins manufacture of oleomargarine.	Swift has already formed several partnerships. Builds a slaughtering plant at Chicago.	....	....	....	....	1 slaughtering plant.
1884	Union Stockyards Co. of Omaha organized; capital, $1,000,000.	Armour & Co. engage in the glue business; establish first branch house in Albany, N. Y.	....	....	....	....	....	1 glue works.
1885	Geo. H. Hammond & Co., of Detroit, begins slaughtering of cattle at Omaha. Kansas City Refrigerator Car Co. organized by the Fowlers. Anglo - American Provision Co. builds	....	Swift & Co. (Ill.) incorporated with $300,000 capital.	....	....	....	....	

	... participating. Meetings in Allerton's office.							
1886	Denver Union Stockyards Co. organized. Omaha Stockyards builds hog plant for Fowler Bros., giving bonus in stock and land, with right to buy plants at cost. St. Paul Stockyards organized by Great Western R. R. interests.	....	Swift & Co. increase stock to $3,000,000.	....		....	...	
1887	Wichita Union Stockyards organized; capital, $300,000.	Armour-Cudahy Packing Co. (P. D. Armour, M and E. A. Cudahy), organized with $750,000 capital.	Swift & Co. given stock bonus by Omaha Stockyards to operate plant there, also given stock bonus by Kansas City Stockyards to build there.	....	....	....	Armour-Cudahy Packing Co. buys plant at Omaha, given bonus by stockyards to locate there.	1 slaughtering plant.
1888	Omaha Packing Co. (Ill.) organized with $250,000 capital. Fowler property, with plants at Omaha and private car line. Armour has 11 branch houses, Morris 9, Cudahy 1, a total of 21; Swift's number not known.	Armour Grain Co. organized ($1,000,000 stock); the Armour Elevator Co. also started; capital, $100,000.	Swift & Co. increases stock to $5,000,000. Swift slaughtering plants at Omaha and Kansas City completed. Libby, McNeill & Libby, packing house and canning plant, and private car line organized. Swifts largely interested from the start.	....	....	....	....	2 slaughtering plants; 1 packing and meat-canning plant; 1 car line; elevators.
1889	....	....	New England Dressed Meat & Wool Co. organized; capital, $800,000. Swifts probably interested.	Morris interests build slaughtering plant at East St. Louis, operated by Fairbank Canning Co.; stockholders identical with Morris & Co.	....	....	....	2 slaughtering plants.
1890	G. H. Hammond Co., an English packing company, organized at Chicago; capital,	....	Swift & Co. increases stock to $7,500,000. North Packing & Provision Co. or-	....			Cudahys buy out Armour in Armour-Cudahy Pack-	2 slaughtering plants.

[1] About.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
	$4,000,000; bonds, $1,500,000. Senate committee files unanimous report that combination of meat packers exists for purpose of fixing meat prices and controlling shipments.		ganized with slaughtering plant at Somerville, Mass., E. C. Swift an original subscriber (capital, $2,000,000). Swift & Co. builds packing plant at East St. Louis at about this time.				ing Co. and organize Cudahy Packing Co. (Ill.); capital, $3,000,000.	
1891	Chicago Stockyards taken over by New Jersey holding company; contract made to give Armour, Swift, and Morris a bonus of $3,000,000 in 5 per cent bonds for keeping their plants at Chicago for 15 years. St. Louis Dressed Beef & Provision Co. organized with capital of $100,000.							
1892	Provision Dealers Dispatch organized, with capital stock of $500,000.	Armour & Co. receives stock bonus from Stockyards Company for locating plant at Kansas City.	Swift & Co. begins having hides tanned for it on contract, shipping 100,000 hides for this purpose.				Cudahy Packing Co. builds plant at Los Angeles.	2 slaughtering plants; contract tanning begun.
1893	"Veeder pool" for control of shipments and prices of dressed meats (participated in by Armour & Co., Armour Packing Co., Cudahy Packing Co., East St	Armour Packing Co. of New Jersey (P. D. Armour's brothers) starts plant at Kansas City with branch houses; eventually acquired by Armour & Co.	Swift & Co. increases stock to $15,000,000: incorporates Swift & Co. (N. Y.) to control branch houses in New York.	Fairbank Canning Co. receives land bonus from St. Louis National Stockyards Co., East St. Louis; latter increases its stock from		Schwarzschild & Sulzberger now have a capital stock of $5,000,000 and a slaughtering plant at Kansas City.	Builds plant at Sioux City, receiving stock bonus of $200,000 from the stockyards.	1 stockyards; 4 slaughtering plants; 1 meat-canning plant.

	H. Hammond Packing Co., Morris & Co., Swift & Co.) allowed to lapse during 1896–97.			the 12,500 shares of the yards company before this increase, the Morrises and Allertons voted 6,672, and the Swifts and their associates 3,802 shares.				
1894	The Western Meat Co. incorporated, with Swift and Morris interests the principal stockholders, the company being organized from South San Francisco Land & Improvement Co., which was incorporated in 1891. Sioux City Stockyards Co. organized, with $3,000,000 stock, half common, half preferred. Continental Packing Co., capital, $500,000, builds hog-packing plant at Chicago. The four other than Swift now have 211 branches, having acquired 77 in 2 years, 1893 and 1894.							1 slaughtering plant.
1896	Boston Packing & Provision Co. organized; capital, $250,000. International Packing Co. organized, to take over an unsuccessful company formed in 1892; plant at Chicago. United Dressed Beef Co. incorporated to slaughter in New York City.		Swift organizes St. Joseph Stockyards Co.; capital, $500,000.	St. Louis National Stockyards increases capital to $4,000,000.				1 stockyards.
1897	"Veeder Statistical Bureau" performs functions of pool, except that it has no		Swift & Co. about this time acquires a produce house at Trenton, Mo., and one at	Morris & Co. receives land and $260,000 for locating a plant				2 produce houses.

TABLE 62.—*The packers progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
	punitive power to restrain packers who overship or undersell.		Chillicothe, Mo.	at St. Joseph. Yards company's stock raised by $750,000.				
1898	Hammond Packing Co. (Ill.) organized with slaughtering plant at St. Joseph. Capital, $1,700,000. Second "Veeder Pool" established, including Schwarzschild & Sulzberger, on more elaborate scale than before. Auditors employed to check packers' statements. Branch houses acquired by the Four, excluding Swift, have now reached 329.	Armour & Co. contracts to build plant at Omaha in return for land and stock bonus from the yards company.	Swift & Co. establishes plant at St. Paul, receiving bonus of $1,000,000 stock in the yards company. Yards company's stock increased by $1,000,000. Swift & Co. builds slaughtering plant at St. Joseph. Swift Packing Co. (Ill.) organized as selling company to operate in Germany.	Puts up slaughtering plant at St. Joseph, in return for the stock and land bonus from the stockyards company. Has already entered into contracts for having hides tanned on commission.				3 slaughtering plants; more tanning on contract.
1899	Bringing in 193 branch houses previously acquired by Swift & Co. and 22 opened this year by the other Four, the total of branch houses is 544.	Purchases stock in Rathborne Hair & Ridgway Co., boxboard manufacturers, Chicago.	Swift & Co. increases stock to $20,000,000. Produce house at Beatrice, Nebr., acquired. St. Joseph Stock Yards Co. increases stock to $1,500,000.			Schwarzschild & Sulzberger Beef Co. of Ohio organized to operate branch houses.		1 produce house; 1 box-board plant.
1900		Armour & Co. (Ill.), organized from Armour & Co. copartnership, and becomes the parent company of to-day: capital stock, $20,000,000; completes the Omaha plant; acquires Armour Packing Co., Kansas City, for-	Swift & Co. by this time has slaughtering plant at Jersey City, N. J. Acquires produce houses about this time at Hutchinson, Kans., and Sedalia, Mo.	St. Louis National Stock Yards increases capital to $5,000,000.			Cudahy Packing Co. builds plant at Kansas City, receiving $500,000 cash and land valued at $129,000. Capital stock increased to [illegible]	3 slaughtering plants; 2 produce houses.

	H. Hammond Packing Co., Morris & Co., Swift & Co.) allowed to lapse during 1896-97.			the 12,300 shares of the yards company before this increase, the Morrises and Allertons voted 6,672, and the Swifts and their associates 3,802 shares.				
1894	The Western Meat Co. incorporated, with Swift and Morris interests the principal stockholders, the company being organized from South San Francisco Land & Improvement Co., which was incorporated in 1891. Sioux City Stockyards Co. organized, with $3,000,000 stock, half common, half preferred. Continental Packing Co., capital, $500,000, builds hog-packing plant at Chicago. The four other than Swift now have 211 branches, having acquired 77 in 2 years, 1893 and 1894.							1 slaughtering plant.
1896	Boston Packing & Provision Co. organized; capital, $250,000. International Packing Co. organized, to take over an unsuccessful company formed in 1892; plant at Chicago. United Dressed Beef Co. incorporated to slaughter in New York City.		Swift organizes St. Joseph Stockyards Co.; capital, $500,000.	St. Louis National Stockyards increases capital to $4,000,000.				1 stockyards.
1897	"Veeder Statistical Bureau" performs functions of pool, except that it has no		Swift & Co. about this time acquires a produce house at Trenton, Mo., and one at	Morris & Co. receives land and $260,000 for locating a plant				2 produce houses.

TABLE 62.—*The packers progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
			plant at Kansas City for the National. Along with all this Swift & Co. raises its stock to $25,000,000.					
1903	Pittsburgh Union Stockyards opens for business. Temporary injunction restraining packers from collusive action made permanent by United States Supreme Court. Gustavus F. Swift dies.	Armour & Co. builds slaughtering plant at East St. Louis, receives a cash bonus of $388,000 from the stockyards company, buys stock in Fort Worth Stockyards National Bank, acquires half of stock of Southwestern Mechanical Co. (packers' machinery), Swift & Co. acquiring the other half. Incorporates Armour & Co. (Ltd.) (London), a selling company.	Swift & Co. now has slaughtering plant at Newark, N. J. Produce house at Sabetha, Kans., acquired; also at Wichita. About this time Swift interests acquire from Credit Commutation Co. the majority stock in Sioux City Stockyards Co. Swift & Co. (W. Va.) incorporated at $100,000 to operate branch houses in many States.	33,136 hides tanned under contract for Morris & Co. in this year.	National Packing Co. incorporated. Acquires Continental Packing Co.	Schwarzschild & Sulzberger Beef Co. of Alabama, selling company operating branch houses, incorporated, capital $5,000.	....	1 stock yards; 3 slaughtering plants;[1] 2 produce houses; 1 packers' machinery plant.
1904	Resolution adopted by House of Representatives directing Bureau of Corporations to investigate beef industry.	Armour & Co. builds plant at Sioux City. Fertilizer mixing plant established at Wilmington, N. C., by Armour Fertilizer Works. Armour & Co. of New Jersey operates branch houses of Armour & Co. of Illinois. Armour & Co. now operates soap works.	Swift & Co. raises its capitalization to $35,000,000, bonds $5,000,000. Boston Packing & Provision Co. is absorbed by John P. Squire & Co. and its capitalization reduced to $100,000. Swift family by this time has complete control of Libby, McNeill & Libby. Resources of North Packing & Provision Co. have some	Morris & Co. receives real estate and $575,000 bonus in connection with plant at Kansas City.	Provision Dealers Dispatch now appears to be affiliated with National Packing Co. and operates among other services the "Atlantic Dairy Express."	Schwarzschild & Sulzberger Co. of Newark, N. J., capital $100,000; operates branch houses.	....	1 slaughtering plant; 1 fertilizer plant; 1 soap works.

1901	P. D. Armour dies....	merly owned by another branch of Armour family. Armour & Co acquires $500,000 stock in St. Louis National Stock Yards Co., and receives bonus of 20 acres of land also 19½ acres and 4,000 shares stock bonus from Sioux City Stock Yards Co for locating there. Stock of Hyde Wheeler Co., Boston (meat selling) bought by Armour & Co.	Swift & Co. acquires four produce houses about this time. Incorporates Swift Fertilizer Works (Ill.) with stock of $100,000. Swift interests acquire Jno. P. Squire & Co. (N. J.), a large Boston hog-packing company with stock of $6,550,000.			Schwarzschild & Sulzberger starts slaughtering plant at Chicago.		2 slaughtering plants; 4 produce houses.
1902	Armour, Swift, and Morris jointly borrow $15,000,000 from Kuhn, Loeb & Co, James Stillman, and E. H. Harriman to finance purchases of plants to be turned over to the National Packing Co. Armour, Swift and Morris secretly acquire joint control of four cotton oil mills in Texas, a fifth (Temple Oil Mill) being secured somewhat later (prior to 1905). United States Circuit Court issues injunction restraining packers from collusive action. Veeder Pool dissolved. Movement to consolidate all principal packers in one large corporation, attempt made to borrow $60,000,000 cash to finance merger. Abandoned because bankers foresaw "panic of 1903."	Armour & Co. builds plant at Fort Worth, as bonus acquires $660,000 stock and $300,000 bonds of Fort Worth Stock Yards Co., with 21.8 acres of land. Builds fertilizer manufacturing plant at Atlanta (Armour Fertilizer Works). Armour individually buys Omaha Packing Co (Ill.) and G. H. Hammond Co. to turn over to the National Packing Co.	Swift & Co. builds slaughtering plant at Fort Worth, receiving bonus from stock yards company; also has slaughtering plant at New York City; Swift Fertilizer Works operates fertilizer plants at Atlanta, Ga., and Wilmington, N. C., Swift & Co. acquires rendering companies at St. Paul and Omaha; also acquires two produce houses; organizes Ashland Leather Co., the first known instance of a packer entering the tanning business, also organizes Swift & Co. (Maine) holding company for New England branch houses. Also organizes Swift Canadian Co. (Ltd.), with slaughtering plant at Winnipeg. Swift acquires Fowler Packing Association, with	Morris acquires United Dressed Beef Co. for the National Packing Co.	Properties being bought by Armour, Swift, and Morris individually to form National Packing Co., capital $15,000,000. National Packing Co acquires Fowler Packing Association, Friedman Manufacturing Co., G. H. Hammond Co., Anglo-American Provision Co, Hammond Packing Co., Fowler Bros, Ltd.), Fowlers Canadian Co. (Ltd.), United Dressed Beef Co., Ruddy Bros., St. Louis Dressed Beef & Provision Co., Sturtevant & Haley, Stock Yards Warehouse Co., Omaha Packing Co	Schwarzschild & Sulzberger increases stock to $10,000,000. Organize Schwarzschild & Sulzberger Beef & Provision Co. to operate all properties in Missouri, capital $10,000.		13 slaughtering plants; 3 fertilizer plants, 2 rendering plants, 1 tanning plant, 4 cotton oil mills, 2 produce houses.

TABLE 62.—*The packers' progress, 1857-1917*—Continued.

Year.	General events.	Armour.	Swift	Morris	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy	Big Five—summary of plants, etc., acquired and built during year.
	dividuals and corporations.		acquires entire stock Four other produce houses are acquired by Swift & Co. in 1905 or 1906.		yards, Colorado Packing & Provision Co. (60 per cent), Western Packing Co. (60 per cent).			
1906	Individual packers given immunity from prosecution by United States Circuit Court on grounds that information secured in Garfield investigation was used by Department of Justice in securing indictments, and that it constituted compulsion of witnesses to testify against themselves.	Armour & Co. secretly purchase stock of Armstrong Packing Co., Dallas, Tex.; also Dallas Union Stockyards. Acquires interest in Denver Stockyards Bank, engaged in banking and cattle loans. Now has fertilizer plants at Buena Vista, Va., and at Augusta, Ga. Acquires National Woodenware Co., manufacturers of lard pails.	Swift & Co. acquires St. Paul Tannery, St. Paul, Minn., National Leather Manufacturing Co., Niles, Mich., and A. C. Lawrence Leather Co., Boston, and also acquires about this time the Winchester Tannery Co. in New Hampshire. Geo. Nye Co., a Springfield, Mass., meat jobbing company, is organized from a partnership, Swift & Co. acquiring half the stock. Centralia Coal Co., a mining company, is incorporated, Swift & Co. owning half the stock.	....	90 per cent of stock of Smith Bros. Packing Co. acquired by National Packing Co. Remaining 40 per cent of Colorado Packing & Provision Co. also acquired; 75 per cent of Union Rendering Co. also acquired by the National and all of the Northwestern Glue Co.	....	Cudahy Packing Co. receives bonus of one-sixth of capital stock of Wichita Union Stockyards Co. to locate plant there.	1 stockyards; 1 slaughtering plant; 2 fertilizer works; 1 rendering plant; 4 tanneries; 1 glue works.
1907	Armour, Swift, and Morris jointly acquire secretly seven additional crude cot-	Armour representative becomes president of Omaha Stockyards	National Leather Co., a selling company, is by now acquired to handle the output	....	The National Packing Co., through Frederick Joseph	....	Cudahy builds at Wichita. Erects plant at Toronto,	2 slaughtering plants; 1 rendering plant; 7 cotton oil mills; 1 cotton

			1903 to 1907 Swift & Co. tanned for itself 899,543 hides. The Northern Rendering Co. is also acquired by Swift & Co. A cotton oil refinery is owned at Charlotte, N. C., and phosphate rock properties at Bartow, Fla. (State Phosphate Co.) St. Joseph Stockyards Co. issues stock dividend of $850,000, bringing capital up to $2,800,000. Demsey & Sibley Co., Cuba, N. Y., cheese jobbers, organized by Swift.		York Butchers Dressed Meat Co., a concern organized by the butchers of that city to protect them against the combination.			
1908	The five by now have acquired 887 branch houses.	Armour & Co. purchases the stock of Badger State Tanning Co. and enters the leather tanning business.		In five years from 1904 to 1908 Morris & Co. had 374,180 hides tanned for it on commission, but in 1908 acquires its first tannery, Wm. F. Mosser & Co., Boston.		The rendering company, John Reardon & Sons, Cambridge, Mass., has been acquired by Schwarzschild & Sulzberger by 1908.		1 rendering plant; 2 tanneries.
1909	Portland Union Stockyards (Oregon) open for business; Swift, Armour, and Morris are shareholders.	Armour Fertilizer Works, incorporated in New Jersey in this year, operates plants at Chicago, East St. Louis, Kansas City, Omaha, Sioux City, Fort Worth; also owns Tennessee Chemical Co., operating plants at Nashville, Tenn., and Americus, Ga.; also owns Rome Oil & Fertilizer Co., which operates a fertilizer plant and cotton oil mill at Rome, Ga. Armour & Co. acquires a	Swift & Co. values its holdings in St. Joseph Stockyards Co. at $1,515,000. F. & C. Crittenden Co., a selling company, is organized by Swift & Co. to succeed a partnership. Swift & Co. holds half the stock.	In first year of operating tanneries Morris & Co. tan 70,000 hides. Company builds slaughtering plant at Oklahoma City. Morris & Co. is by this time a minority stockholder in Denver Stock Yards Bank. Morris Fertilizer Co. has plant at Atlanta, Ga. Morris Beef Co. (Ltd.), a selling organization in	National Packing Co. acquires remaining 40 per cent of stock of Western Packing Co. Acquires "La Blanca," an Argentine slaughtering company with plant at Buenos Aires. This is the most significant item of the year in the packers' progress.			1 stockyards; 2 slaughtering plants; 10 fertilizer works; 2 tanneries; 1 canning plant; 1 box board plant; 1 cotton oil mill.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
	dividuals and corporations.		acquires entire stock Four other produce houses are acquired by Swift & Co. in 1905 or 1906.		yards, Colorado Packing & Provision Co. (60 per cent), Western Packing Co. (60 per cent).			
1906	Individual packers given immunity from prosecution by United States Circuit Court on grounds that information secured in Garfield investigation was used by Department of Justice in securing indictments, and that it constituted compulsion of witnesses to testify against themselves.	Armour & Co. secretly purchase stock of Armstrong Packing Co., Dallas, Tex.; also Dallas Union Stockyards. Acquires interest in Denver Stockyards Bank, engaged in banking and cattle loans. Now has fertilizer plants at Buena Vista, Va., and at Augusta, Ga. Acquires National Woodenware Co., manufacturers of lard pails.	Swift & Co. acquires St. Paul Tannery, St. Paul, Minn., National Leather Manufacturing Co., Niles, Mich., and A. C. Lawrence Leather Co., Boston, and also acquires about this time the Winchester Tannery Co in New Hampshire Geo Nye Co., a Springfield, Mass., meat jobbing company, is organized from a partnership, Swift & Co acquiring half the stock. Centralia Coal Co., a mining company, is incorporated, Swift & Co owning half the stock.	....	90 per cent of stock of Smith Bros. Packing Co. acquired by National Packing Co Remaining 40 per cent of Colorado Packing & Provision Co. also acquired; 75 per cent of Union Rendering Co. also acquired by the National and all of the Northwestern Glue Co.	....	Cudahy Packing Co. receives bonus of one-sixth of capital stock of Wichita Union Stockyards Co. to locate plant there.	1 stockyards; 1 slaughtering plant; 2 fertilizer works; 1 rendering plant; 4 tanneries; 1 glue works.
1907	Armour, Swift, and Morris jointly acquire secretly seven additional crude cottonseed oil mills in Texas and Arkansas. Nelson Morris dies.	Armour representative becomes president of Omaha Stockyards	National Leather Co., a selling company, is by now acquired to handle the output of Swift tanneries In 1907 Swift & Co. had 686,157 hides tanned for it on contract. From about	....	The National Packing Co., through Frederick Joseph of Schwarzschild & Sulzberger, begins to secretly buy up the New	....	Cudahy builds at Wichita. Erects plant at Toronto, Canada, for manufacture of "Old Dutch Cleanser."	2 slaughtering plants; 1 rendering plant; 7 cotton oil mills; 1 cotton oil refinery; phosphate rock properties.

			1906 to 1907 Swift & Co. tanned for itself 509,543 hides. The Northern Rendering Co. is also acquired by Swift & Co. A cotton oil refinery is owned at Charlotte, N. C., and phosphate rock properties at Bartow, Fla. (State Phosphate Co.) St. Joseph Stockyards Co. issues stock dividend of $850,000, bringing capital up to $2,500,000. Demsey & Sibley Co., Cuba, N. Y., cheese jobbers, organized by Swift.		York Butchers Dressed Meat Co., a concern organized by the butchers of that city to protect them against the combination.			
1908	The five by now have acquired 867 branch houses.	Armour & Co. purchases the stock of Badger State Tanning Co. and enters the leather tanning business.	....	In five years from 1904 to 1908 Morris & Co. had 374,180 hides tanned for it on commission, but in 1908 acquires its first tannery, Wm. F. Mosser & Co., Boston	....	The rendering company, John Reardon & Sons, Cambridge, Mass., has been acquired by Schwarzschild & Sulzberger by 1908.	....	1 rendering plant; 2 tanneries.
1909	Portland Union Stockyards (Oregon) open for business; Swift, Armour, and Morris are shareholders.	Armour Fertilizer Works, incorporated in New Jersey in this year, operates plants at Chicago, East St. Louis, Kansas City, Omaha, Sioux City, Fort Worth; also owns Tennessee Chemical Co., operating plants at Nashville, Tenn., and Americus, Ga.; also owns Rome Oil & Fertilizer Co., which operates a fertilizer plant and cotton oil mill at Rome, Ga. Armour & Co. acquires a	Swift & Co. values its holdings in St. Joseph Stockyards Co. at $1,515,000. F. & C Crittenden Co., a selling company, is organized by Swift & Co to succeed a partnership. Swift & Co. holds half the stock.	In first year of operating tanneries Morris & Co. tan 70,000 hides. Company builds slaughtering plant at Oklahoma City. Morris & Co. is by this time a minority stockholder in Denver Stock Yards Bank. Morris Fertilizer Co. has plant at Atlanta, Ga. Morris Beef Co. (Ltd.), a selling organization in	National Packing Co. acquires remaining 40 per cent of stock of Western Packing Co. Acquires "La Blanca," an Argentine slaughtering company with plant at Buenos Aires. This is the most significant item of the year in the packers' progress.	....	....	1 stockyards; 2 slaughtering plants; 10 fertilizer works; 2 tanneries; 1 canning plant; 1 box board plant; 1 cotton oil mill.

TABLE 62.—*The packers' progress, 1857-1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
		fruit-preserving station in Michigan and the Cappon & Bertsch Leather Co., with two tanneries, and also buys at foreclosure the Central Box Board Co.		London, now in operation.				
1910	Oklahoma National Stockyards Co. opens for business, Morris and Sulzberger interests being closely identified with it. Department of Justice begins proceedings against packers, individual and corporate, for violation of antitrust laws.	Aaron Poultry & Egg Co. incorporated by Armour & Co., which gains 50 per cent control. Two more fruit-preserving stations are started and the Armour Fertilizer Works (Inc.), Maryland, is formed from the Armour Fertilizer Works, New Jersey, to manufacture at Baltimore. Armour & Co. acquires stock in the Denver Stockyards Cattle Loan Co. Incorporates Howe Coal Co., mining coal in Kansas.	Swift & Co. organizes "Compania Swift de la Plata," which has a slaughtering plant at Buenos Aires. Acquires four produce houses, including one at Omaha. National Calf Skin Co., tanning concern, is acquired by the company during year; $500,000 of stock of J. W. Griffin & Co. (Ltd.), is purchased and the company is merged with Swift Canadian Co. (Ltd.), in 1911.	In 1910-1912 in connection with establishing plant at Oklahoma City, Morris & Co. receives $242,500 bonus and a plant site. Morris & Co., a minority shareholder in Denver Cattle Loan Co.	Northern Reduction Co. (Inc.) acquired by National Packing Co.	Sulzberger & Sons Co. of New York become successors of Schwarzschild & Sulzberger.	....	1 slaughtering plant; 1 fertilizer plant; 1 rendering plant; 1 tannery; 4 produce houses; 1 coal mining company; 2 canning plants.
1911	Armour, Swift, and Morris jointly acquire another crude cotton oil mill at Memphis. Chicago Stockyards Co. of Maine organized by F. H. Prince to guarantee stocks of New Jersey company (see year 1891)	"Frigorifico Armour de la Plata" organized to operate slaughtering business in Argentina. Armour & Co. invests $91,440 in stock of Pittsburgh Provision & Packing Co. and Pittsburgh Union Stockyards	"Compania Swift de Montevideo" organized for slaughtering in Uruguay. Libby, McNeil & Libby acquired for Swift & Co. from the individual holders, the shares having been secured at various times since 1905.	....	National Packing Co. takes over the Record Stockman Publishing Co., a market newspaper at Denver.	Sulzberger & Sons acquire the Ashland Rendering Co., Chicago, build a slaughtering plant at Oklahoma City and take over the Pacific Coast Beef & Provision Co. at Los Angeles.	....	4 slaughtering plants; 4 fertilizer plants; 1 rendering plant; 2 cotton oil mills; 1 cotton oil refinery; 1 canning plant.

	controlling Chicago yards, and to absorb its surplus. J. O. Armour owns 10.4 per cent of stock (see p. 232). Criminal trial of individual packers begins. First "International Meat Pool" formed by American packers in combination with certain British and South American firms.	Co., and establishes a fruit-preserving station at Frankfort, Mich. Armour acquires secret interest in Chicago Stockyards Co. of Maine, later transferred to Armour & Co., but appearing on the latter's books only as "J. O. Armour No. 4."	Swift & Co. organizes A. C. Lawrence Leather Co. of Chicago, a selling concern of the same name as the tanning company, acquired in 1906, and acquires a cotton oil refinery at Harvey, La. Fertilizer plants are acquired at Savannah, Cleveland, Ohio, and at Chester, S. C., and a cotton oil mill at Columbia, S. C. Stock of Atlantic Fertilizer Co., Baltimore, is secured. Also a 50 per cent ownership in the St. Joseph Tanning Co., St. Joseph, Mo., and 17 per cent of the Rosman Tanning Extract Co., Rosman, N. C.					
1912	Criminal trial of individual packers ends in acquittal. Trial in case of Missouri v. Hammond Packing Co. et al. begun in State court. Found guilty. Verdict sustained by United States Supreme Court. There have been 1,110 branch houses acquired up to this year, including those turned over on the dissolution of the National Packing Co.	Armour & Co. takes over the Fowler Packing Co., a slaughtering company at Kansas City, from the National Packing Co. The Fowler Co. owned the Fowler Canadian Co. (Ltd.), which owned the Hamilton Stockyards, Hamilton, Ontario. Other companies acquired from the National Packing Co. are the Colorado Packing & Provision Co., with slaughtering plant at Denver, the Hammond Packing Co., a slaughtering company at St. Joseph; the New York Butchers	The Australian Meat Export Co. (Ltd.), Brisbane, Australia, is organized to conduct a slaughtering business. The following slaughtering companies are transferred to Swift & Co. from the National Packing Co.: United Dressed Beef Co. of New York, Western Packing Co., Denver Plankinton Packing Co., Milwaukee, Sturtevant and Haley Beef & Supply Co., Boston, G. H. Hammond Co., Chicago, Omaha Packing Co., Chicago and the St. Louis Dressed Beef & Provision Co., St. Louis, Mo. The Mil-	Morris & Co. acquire a slaughtering plant at Omaha from the National Packing Co. The reorganization of the Kansas City Stockyards Co. is accomplished and the Morris interests thereby gain control.	The National Packing Co. is dissolved and turns its properties over to Armour, Swift, and Morris.	The South Dakota Provision Co., operating a slaughtering plant at Sioux Falls, S. Dak., is acquired by Sulzberger & Sons Co. Sulzberger Products Co. (Inc.) entire capital stock owned by Sulzberger & Sons Co. Products company has minority interest in and is holding company for Continental Products Co., also incorporated in 1912 for purpose of operating slaughtering plant in Brazil (see 1915). The Ashland Manufacturing Co.,	....	2 stockyards, 3 slaughtering plants, 8 fertilizer plants, 1 glue factory; 1 sporting goods plant, 1 cotton oil mill; 10 produce houses, 1 coal-mining company.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris	National Packing Co	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
		Dressed Meat Co. which slaughters in New York City, the Detroit Beef Co., a selling corporation in Michigan; the German-American Provision Co., a sausage-selling concern in Chicago Friedman Manufacturing Co. (oleomargarine and process butter), Chicago, James Wright & Co., a meat selling company in London, England. A fertilizer mixing plant at St. Joseph. Mo., is acquired from the National Packing Co. as is a 50 per cent interest in the Denver Union Stockyards Co Armour & Co. of Ill., take over the property of the Fowler Canadian Co. plant, and the fertilizer plant of the Colorado Packing & Provision Co., Denver, is transferred to the Armour Fertilizer Works along with the Fowler fertilizer plant at Kansas City. The fertilizer works build plant	waukee Stockyards Co. and part of the Denver Union Stockyards Co. are transferred from the same company. Stock of the H. L. Handy Co., Springfield, Mass., Hotchkiss Beef Co., Portchester, N. Y., both selling companies, is taken over from the National Packing Co. The Union Rendering Co., Denver (50 per cent), and Northern Reduction Co., Milwaukee, are acquired the same way. Ten produce houses are established, and a fertilizer plant at Columbia, S. C., is acquired. In five years from 1907 to 1912 Swift & Co. tanned 390,862 hides in its own plants and 367,271 were tanned for it by outsiders. Glue factory started at Chicago			which makes sporting goods, is acquired.		

		operative Fertilizer Co., a subsidiary of the Armour Fertilizer Works, N. J., operates plants at Kenbridge, Blackstone, and Richmond, Va. Armour interests take over the East St. Louis cotton oil mill. Armour & Co. incorporates the Acme Products Co., Fort Worth, manufacturing stearins and oxygen gas. Increases its investment in Pittsburgh Union Stockyards Co. and Pittsburgh Provision & Packing Co. stock to $568,680, about 38 per cent of the stock issued by these companies.[1] Faulkner Coal Co., operating in Kansas, is incorporated.						
1913	Packers' agreement on percentages of livestock to be purchased by each, revised prior to Jan. 29, 1913, on account of distribution of National Packing Co. properties, Arthur Meeker, Louis F. Swift and Thomas E. Wilson on behalf of Armour & Co., Swift & Co., and Morris & Co. agree with Sulzberger & Sons Co., and Cudahy Packing Co. on joint percentages to be used in "general,	Armour acquires a dressed hog plant at Jersey City from the bondholders of the defunct Halstead & Co. and erects another plant at the same place. A majority interest in the stockyards at Jersey City is obtained. C. E. Blodgett Butter, Egg & Cheese Co., at Marshfield, Wis., is incorporated. Armour Fertilizer Works operates plants at Greensboro, N. C., and Habana, Cuba.	Blimbler & Co., a slaughtering company at Newark, N. J., is acquired by Swift & Co., the business having been purchased from partners, as is the Van Wagenen & Schlokhaus Co., also located there. The Newark Stockyards Co. is taken over in the same way. Six produce houses are acquired.	Morris & Co. has 561,084 hides tanned for it under contract between the years 1909 and 1913. Acquires Joseph Stern & Sons (Inc.), of New York City, "Kosher" slaughterers, and thereby secures a large per cent of the Kosher trade of the city. This company appears to have been purchased	....	Sulzberger & Sons Co. take over T. M. Sinclair & Co., slaughterers at Cedar Rapids, Iowa; the Mississippi Packing Co. at Natchez, Miss.; and the General Rendering Co. at Chicago. The Central Rendering Corporation, New York City, is acquired. A cotton oil refinery is being operated at Oklahoma City.	....	2 stockyards; 5 slaughtering plants; 2 fertilizer plants; 2 rendering plants; 1 tannery; 4 cotton oil refineries; 7 produce houses.

[1] The Pittsburgh Union Stockyards Co. and the Pittsburgh Provision & Packing Co. are controlled by Armour & Co. and the Allerton family.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
	legislative, and litigation matters." Edward Morris dies.	The Hope Fertilizer Co., at Hope, Ark., is acquired by the Tennessee Chemical Co. The Empire Tanning Co., Olean, N. Y., is purchased. Armour & Co. is operating cotton oil refineries at Chicago, Kansas City, and Fort Worth.		by Edward Morris, personally in 1910.				
1914	New international meat pool formed Armour, Swift, Morris, and Sulzberger interests in conjunction with certain British and South American firms to control shipments of meat to United States and Europe.	Armour & Co. purchases stock of J. h. Mosser Co., a tanning concern with three tanneries in Pennsylvania, and acquires an interest in the Fort Worth Cattle Loan Co., besides purchasing the stock of the Neenah Cheese & Cold Storage Co. The Armour Fertilizer Works operates a plant at Los Angeles and builds a plant at Houston, Tex.; through subsidiaries operates plants at the following places: New Orleans (Planters Fertilizer & Chemical Co.); Louisville, Ky. (Louisville Fertilizer Co.); Atlanta, Ga. (Marietta Fertilizer Co.); Selma, Ala. (Tennessee Chemical Co.).	Swift has an oil mill at Fort Worth. By this time the important produce house of W. F. Priebe Co. has numerous connections Fertilizer plants are now operated at Shreveport and Harvey, La., Albany, Ga., and Moultrie, Ga. Swift & Co have for some years operated fertilizer works in connection with packing plants at Chicago, Kansas City, East St. Louis, South Omaha, South St. Joseph, South St. Paul, Fort Worth, and Newark (Harrison), N. J. Stock is acquired in the Jersey City Stockyards Co. Independent Salt Co. is organized, Swift & Co. owning half and Armour & Co. half.	Morris interest acquire 50 per cent of stock in Stock Yards Serum Co., of Kansas City, manufacturer of anticholera serum; acquires interest in Gray & White, a produce house at Tiffin, Ohio, and control of Sherman-White Co. (produce), of Fort Wayne, Ind.	....	Sulzberger & Sons begins operating slaughtering plant at Buenos Aires, Argentina, subsequently known as Frigorifico Wilson de la Argentina. Also acquires slaughtering plant at Albert Lea, Minn.	Cudahy Packing Co. is operating cotton oil refinery at Memphis; also at Kansas City and Omaha.	2 slaughtering plants; 18 fertilizer plants,[1] 3 tanneries, 1 cotton oil mill; 3 cotton oil refineries; 1 creamery; 1 produce house; 1 salt mine.

1915	Negotiations between Sulzberger and Swifts for Armour, Swift, and Morris to acquire Sulzberger & Sons, and liquidate properties on same basis as National Packing Co., not completed because the New York bankers acquired control of company (see Wilson & Co.). State of Texas prosecutes Armour & Co., Swift & Co., and Morris & Co. for combination and conspiracy in joint operation of cotton oil mills. Found guilty, fined, and enjoined from joint operation. James Agar tries to secure control of Western Packing & Provision Co. for big packers. Ferdinand Sulzberger dies.	Armour & Co. incorporates Keystone Hotel Supply Co., office at Philadelphia; Atlantic Hotel Supply Co., of New York City; Columbia Hotel Supply Co., of Washington, D. C. 51 per cent of Llewellyn Bean Co. acquired.	Swift & Co. acquires a cotton oil mill at Augusta, Ga. Swift has control (Morris also interested) of the Bencini Cotton Oil Mills (not incorporated) operating 7 mills. A butterine factory is started at East Cambridge, Mass., and a kelp (fertilizer) plant at San Diego, Cal.	Morris & Co. buys part of the capital stock of Amos Bird Co., egg jobbers.	....	The Continental Products Co. (see 1912) begins operation of slaughtering and freezing plant at Sao Paulo, Brazil. Group of New York banks acquire control of Sulzberger & Sons Co. through formation of voting trust as condition of financing maturing debentures.	The Dow Cheese Co. is acquired by Cudahy Packing Co., as is Nagle Packing Co., a slaughtering company of Jersey City, N. J.	3 slaughtering plants; 1 fertilizer plant; 3 cotton oil mills; 1 canning plant, 1 creamery; 1 butterine factory.
1916	Negotiations by New York bankers for merger of Sulzberger & Sons Co. with Morris & Co. These abandoned about time of introduction of resolutions in Congress to investigate packing industry, but renewed during fall. Also preliminary negotiations for merging of Sulzberger & Sons Co. with Cudahy Packing Co. These also aban-	Armour & Co. of Australasia organized and a slaughtering plant built at Christchurch, N. Z.; the Wabash Packing Co., slaughterers at Indianapolis, Ind., are purchased, and a plant is built at Jacksonville, Fla., at which place the Interstate Stockyards are opened. A slaughtering plant is begun at St. Paul, Minn., for which Armour is to receive	The Rotan Cotton Oil Co., operating a cotton oil plant at Rotan, Tex., is incorporated and Swift & Co. begins operating a cotton oil refinery at Atlanta, Ga. A produce house is started at Cadillac, Mich. Swift & Co. acquires $100,000 interest in Cleveland Union Stockyards Co.	C. A. Straubel Co., cheese manufacturer at Green Bay, Wis., is acquired. Thomas E. Wilson resigns from Morris & Co. to become president of Sulzberger & Sons Co.	....	The name of Sulzberger & Sons Co. is changed to Wilson & Co., Inc. The Connellsville (Pa.) Stockyards Co. is acquired, as is the Central Union Stockyards Co. at Jersey City, N. J., these two stockyards having been for some years owned by the Sulzberger family. Wilson & Co., Inc., begin operating cotton oil	Cudahy Packing Co. locates a plant at Salt Lake City after receiving a cash bonus of approximately $125,000 from the citizens and $25,000 stock from the stockyards company there.	3 stockyards; 4 slaughtering plants; 1 fertilizer plant, 6 tanneries; 2 cotton oil mills; 4 cotton oil refineries; 3 canning plants; 2 creameries; 2 produce houses.

[1] This total includes the 3 fertilizer works (connected with packing plants) which, though established at earlier dates, are mentioned in this year in the Swift column.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
	doned. Joint fund of $15,000 raised by packers to prevent passage of resolutions for investigation.	a bonus of $1,000,000, $400,000 in cash and $600,000 in stock of the St. Paul Union Stockyards Co. A part of the capital stock of the St. Paul Stockyards National Bank and the St. Paul Cattle Loan Co. is acquired. Large amounts of stock in the Eau Claire Creamery Co., Eau Claire, Wis., and the Wisconsin Dairy Products Co. (evaporated milk), Stoughton, Wis., are purchased. A controlling interest in the stock of the Fremont Kraut Co., Fremont, Ohio, is bought up. Three more plants of the J. K. Mosser Co. (Pa.), tanners, are acquired, and a tannery of the J. K. Mosser Co. (W. Va.), besides the Sylva Tanning Co. in North Carolina and the Dominion Tanneries (Ltd.), in Canada. The Nicholson Ice & Produce Co. at Denison, Iowa, is incorporated and an evaporated milk plant at Bloomer, Wis., is				refineries at Chicago and Chattanooga and take over the Southwest Cattle Loan Co. at Los Angeles.		

		ation, and a fertilizer plant is erected at Matanzas, Cuba. Chattanooga Oxygen Gas Co., is incorporated, operating a fat hardening and oxygen gas plant.						
1917	President Wilson directs Federal Trade Commission to investigate production and distribution of food. Appropriation made available July 1, 1917	Armour packing plants are now being operated in Argentina, Brazil, Canada, and New Zealand, and selling organizations are located in London, Paris, Rotterdam, Hamburg, Bremen, Frankfort, Copenhagen, Stockholm, Milan, Cape Town, Habana, Buenos Aires, Panama, Canada, and elsewhere. E. H. Stanton Co., slaughtering at Spokane, Wash., is purchased and a controlling interest in the London Packing Co. (tomato products), at Terre Haute, Ind., and Mattoon, Ill., is acquired. Another tanning plant at Big Run, Pa. (Empire Tanning Co.), is acquired. The Richmond Cotton Oil Co., Kennett, Mo., is purchased by the East St. Louis Cotton Oil Co. and cotton oil refinery begins operation at	A slaughtering plant is being built at Sao Paulo, Brazil, following incorporation of Swift & Co. of Brazil. The stock of the Moultrie Packing Co., Moultrie, Ga., and the Andalusia Packing Co., Andalusia, Ala., are purchased. Swift & Co. acquires a plant at Sioux City. Three new produce houses begin operation. Seventy-five per cent of the stock of the Alamo Oil & Refining Co. (operating an oil mill in San Antonio, Tex.), incorporated in 1907, is held for L. F. Swift personally.	Frigorifico Artigas, a subsidiary of Morris & Co., is constructing a plant at Montevideo, Uruguay. The Crescent City Stockyards & Slaughter House Co. at Arabi, La., is acquired. An interest is purchased in the Jacob Marty Co., Brodhead, Wis., a cheese company, and in the Smith-Wright Co., produce dealers at North Williston, Vt. Morris & Co. also acquires control of Barataria Canning Co. (shrimp and oysters) at Biloxi, Miss., and a 80 per cent stock interest in the Lindner Packing Co., Denver, wholesalers of packing-house products. An interest in Barry & Knoebel of	....	Wilson & Co. acquires the slaughtering plants of Joseph Levy Co. (Inc.), New York, N. Y., Morton Gregson, Nebraska City, Nebr., and Paul O Reymann Co., Wheeling, W. Va., and the Nebraska City Union Stockyards Co. is organized. Arrangements are made for having hides tanned on contract. The Fame Canning Co., Indianapolis, canners of vegetables, is bought and the tomato cannery of Whiteland Canning Co., Whiteland, Ind.; so is Joseph Haberman & Co., renderers, New York, N. Y., J. L. Smiley & Co., fish canners at Seattle, are also taken over, being linked with the Alaska Herring & Sardine Co. and the Lisianski Packing Co. un-	The Cudahy Plant at Salt Lake began operation. The Sunlight Produce Co., Winfield, Iowa, is incorporated, entire capital stock held by Cudahy interests.	2 stockyards, 11 slaughtering plants; 1 rendering plant; 1 tannery; 2 cotton oil mills; 1 cotton oil refinery; 7 canning plants; 7 produce houses; 1 coal mining company; 2 cereal mills.

TABLE 62.—*The packers' progress, 1857–1917*—Continued.

Year.	General events.	Armour.	Swift.	Morris.	National Packing Co.	Wilson (formerly Schwarzschild & Sulzberger and Sulzberger & Sons).	Cudahy.	Big Five—summary of plants, etc., acquired and built during year.
		Jersey City. The Pacific Creamery Co., manufacturer of evaporated milk at Tempe, Ariz., is bought up. A. S. Kininmouth Produce Co., Winfield, Kans., is incorporated and the stock of the H. L. Brown Co., New York, N. Y., is bought up. Dering Mines Co. is incorporated (coal). Armour Grain Co. buys Buffalo Cereal Co. and Mapl-Flake Mills and operates their business, continuing their companies, however, as trade names. Armour acquires a small percentage of preferred stock of Beau-Site Co., operating Biltmore Hotel, New York, N. Y.; also acquires $750,000 of the $2,000,000 preferred stock of the Bowman Hotel Corporation, operating the Commodore Hotel, New York, N. Y., and one-half the stock of Armbow Operating Corporation, operating the		Denver (manufacturers' agents, food products) is also acquired. From 1914 to 1917 Morris & Co. had 272,054 hides tanned under contract.		der the control of the Wilson Fisheries Co. A $10,000 interest is also acquired in the Southern Hotel Co., Baltimore, Md., with assurance that the hotel would give to a Wilson subsidiary (Gotham Hotel Supply Co.) all business for the hotels' requirements in its line.		

Section 2.—Summary of yearly plant acquisitions, by industries.

The following table summarizing, by years and by industries, the acquisition or construction of plants shown in the chart of the preceding section, is an index of the various phases of the development of the Big Five. It is a minimum statement because the historical study did not reveal the dates at which many of the companies now owned were originally acquired. Moreover, some subsidiary companies listed in the chart as having one plant undoubtedly have more than one. These omissions probably more than offset any instances of the closing down of acquired plants.

In several cases, while the date of original acquisition was not shown, it was possible to establish the fact of control by the Big Five at a later date. These companies and plants are listed in the chart under the later year. For this reason the figures in Table 63 for any given year do not necessarily show the exact number of plants acquired in that year; but wherever there is an overstatement of the acquisitions in any year there is a corresponding understatement of those for some earlier year.

104314°—19——17

TABLE 63.—*Summary of yearly and cumulated acquisitions of plants by the Big Five, by industries, 1857–1917.*

(Based on Table 62, page 237, ff.)

[In some cases date is not that of original acquisition but first date for which evidence of packer ownership is available.]

Year.	Number of plants																					Total.	
	Slaughtering	Glue.	Packing and meat canning.	Car line.	Stockyards.	Produce houses	Boxboard factories.	Fertilizer	Tanning	Rendering.	Cotton-oil mill.	Packers' machinery.	Soap.	Curled hair.	Printing works	Cotton-oil refineries.	Mining companies.	Canning.	Sporting goods.	Creameries.	Butterine factory.	Cereal mills	Yearly.	Cumulatively
1857	1																						1	1
1860	1																						1	2
1863	1																						1	3
1867	1																						1	4
1869	1																						1	5
1880	1																						1	6
1884		1																					1	7
1887	1																						1	8
1888	2		1	1																			4	12
1889	2																						2	14
1890	2																						2	16
1892	2																						2	18
1893	4		1		1																		6	24
1894	1																						1	25
1896					1																		1	26
1897						2																	2	28
1898	3																						3	31
1899						1	1																2	33
1900	3					2																	5	38
1901	2					4																	6	44
1902	13					2		3	1	2	4												25	69
1903	3				1	2						1											7	76
1904	1							1					1										3	79
Prior to 1905	3			9	1									1	1								16	95
1905	6				3	5		1					1			1							17	112
1906	1				1			2	4	1													10	122
1907	2									1	7					1	1						12	134
1908									2	1													3	137
1909	2				1		1	10	2		1							1					18	155
1910	1					4		1	1	1							1	2					11	166
1911	4							4		1	2					1		1					13	179
1912	3	1			2	10		8			1						1		1				27	206

1913	8				2	1		3	1	2						4							24	250
1914	2					1		[3] 18	3		1					5	[4] 1			1			[3] 30	[3] 300
1915	2							1			8							1		1	1		11	274
1916	4				3	3		1	0		3					4		8		2			27	301
1917	11				2	7			1	1	2					1	1	7				2	35	336
Total of chart	91	4	2	10	18	40	2	53	21	10	28	1	2	1	1	15	5	15	1	4	1	2	336	336

[1] Phosphate rock properties.
[2] Coal-mining company.
[3] Special attention is called to the fact that this total includes 8 fertilizer works connected with Swift's packing plants, which though established in earlier years are listed in this table in the year 1914.
[4] Salt-mining company.

Section 3.—Statistical summary of present control in various facilities and industries.

To ascertain the big packers' proportion of total production in all lines in which they are engaged was a task beyond the time and funds available for the investigation. The results of statistical investigations in as many of these lines as it was feasible to undertake have been stated in previous chapters of this part. These results are now condensed into a tabular summary, which gives a significant though far from complete view of the real power of these five packers in the industrial life of the country.

As the data were gathered on different bases, the limitations of the table should be observed. Except for two items concerning grain the statistics cover in each case the entire United States, but in several instances cover only the business of one class of concerns, e. g., interstate slaughterers. Thus the figures for lard production cover all interstate slaughterers in the United States, but do not include lard made by other classes of concerns.

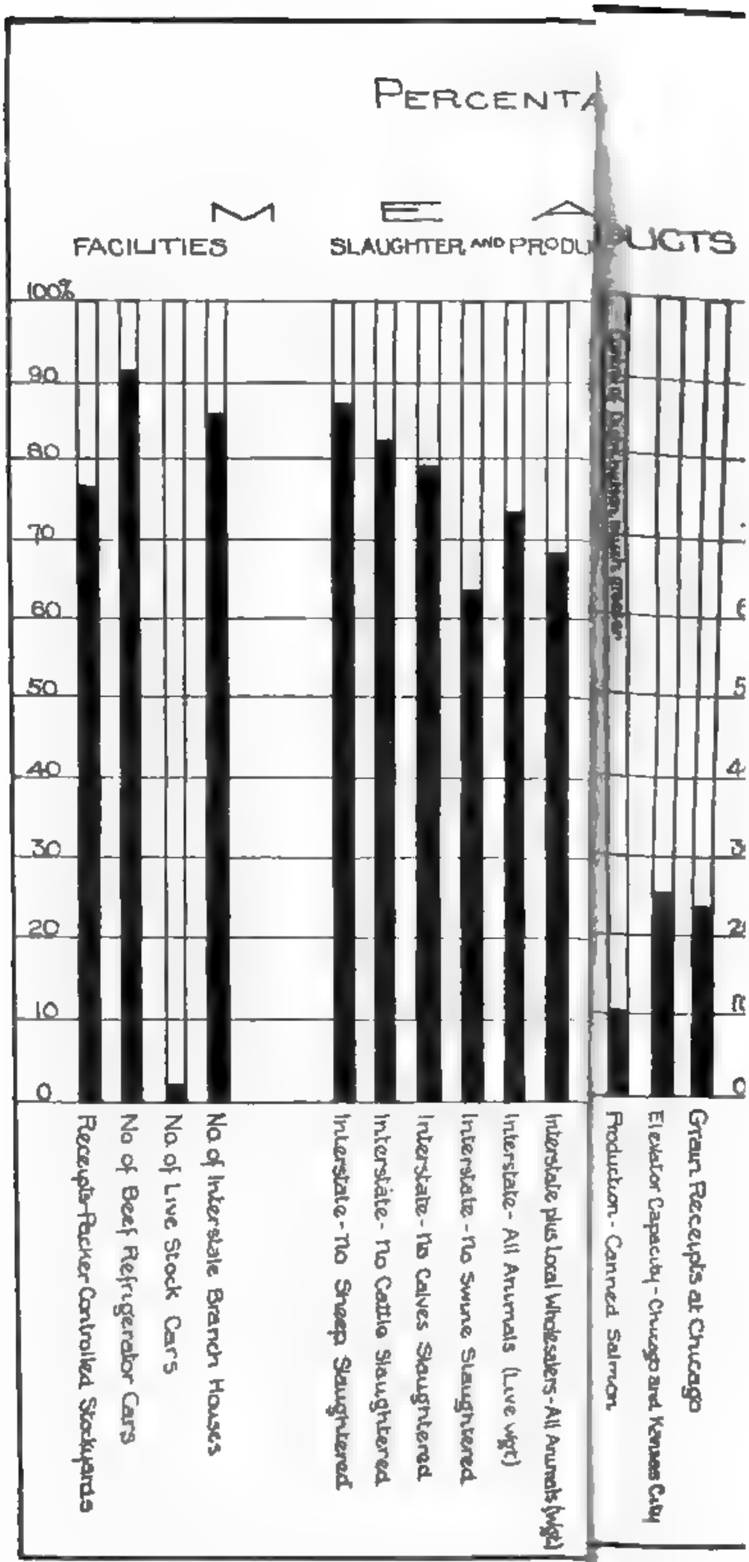
The table follows:

TABLE 64.—*Summary of Big Five proportions of control in various facilities and industries.*[1]

	Unit.	United States.	Big Five.	Percentage of control by Big Five.	Year or other period.
Meat group:					
Receipts of live stock at stock yards controlled by the Big Five as compared with receipts at all yards.	Head	83,058,785	[2] 47,179,033 [3] 64,113,530	[2] 56.8 [3] 77.2	1916
Beef refrigerator cars of interstate slaughterers.	Number	16,600	15,454	93.1	(4)
Live-stock cars	....do	107,472	1,970	1.8	(4)
Number of branch houses operated by interstate slaughterers.	....do	1,259	1,120	89.0	1916
Interstate slaughter—					
Cattle	Head	7,947,798	6,535,332	82.2	1916
Calves	....do	2,160,550	1,654,942	76.6	1916
Sheep	....do	12,172,263	10,518,874	86.4	1916
Swine	....do	42,057,402	25,737,269	61.2	1916
All animals (estimated live weight).	Pound	18,046,582,393	13,230,127,959	73.3	1916
Interstate and wholesale local slaughter—					
Cattle	Head	8,776,858	6,535,332	74.5	1916
Calves	....do	2,648,038	1,654,942	62.5	1916
Sheep	....do	13,407,524	10,518,874	78.5	1916
Swine	....do	45,261,837	25,737,269	56.9	1916
All animals (live weight)	Pound	19,516,899,297	13,230,127,959	67.8	1916
Lard production by interstate slaughterers.	....do	1,039,568,674	785,139,302	75.5	1916
Beef exports from Argentina and Uruguay.	Quarter	[5] 6,004,372	[6] 3,446,180	57.4	1917

[1] Except as stated otherwise in the notes the figures cover the entire United States, but in several instances cover the business of only one class of concerns, e. g., interstate slaughterers.
[2] Not counting Chicago yards as controlled.
[3] Counting Chicago yards as controlled.
[4] Dec. 31, 1917.
[5] Total beef exports from Argentina and Uruguay to all countries.
[6] Exports by companies controlled by Armour, Morris, Swift, and Wilson interests. Cudahy is not engaged in slaughtering in South America.

UNIV. OF MICH.



104814—19. (To face page 261.)

TABLE 64.—*Summary of Big Five proportions of control, etc.*—Continued.

	Unit.	United States.	Big Five.	Percentage of control by Big Five.	Year or other period.
Meat group—Continued.					
Average monthly stocks held by interstate slaughterers—					
Frozen beef	Pound	65,848,346	62,535,507	95.0	1916
Lard	do	83,229,965	63,043,437	75.7	1916
Pickled pork	do	312,086,845	219,887,142	70.5	1916
Dry salt pork	do	203,618,548	142,069,065	69.8	1916
Smoked ham and bacon	do	16,692,715	10,702,402	64.1	1916
Hides	do	95,633,481	85,300,318	89.2	1916
Branch house sales of meat by interstate slaughterers—					
Fresh meats	do	3,282,236,608	3,114,387,196	94.9	[1] 1916
Cured meats	do	1,098,303,014	950,565,931	86.5	[1] 1916
Related products:					
Production mixed fertilizers	Ton	4,095,250	[2] 776,265	19.0	[3] 1916–17
Production acid phosphate	do	3,033,609	[4] 357,852	11.8	[3] 1916–17
Leather production—					
Shoe stock—					
Sheep	Square foot	92,815,941	[5] 10,691,631	13.8	[6] 1917
Calf	do	107,812,196	11,974,255	11.1	[6] 1917
Cattle	do	250,997,216	31,537,007	12.6	[6] 1917
Strap	do	7,621,491	3,422,188	44.9	[6] 1917
Belting	Pound	38,769,273	8,255,809	21.3	[6] 1917
Harness	Square foot	27,408,916	2,563,996	9.4	[6] 1917
Production of oleomargarine	Pound	152,509,913	63,597,823	41.7	[7] 1915–16
Production of lard compound and lard substitutes.	do	[8] 839,309,031	356,425,708	42.5	1916
Unrelated products:					
Production of crude cottonseed oil.	Gallon	172,212,016	[9] 13,365,414	[9] 7.8	[10] 1916–17
Production of refined cottonseed oil.	do	201,389,368	63,999,754	31.8	[10] 1916–17
Production of soap stock from cottonseed oil by cottonseed oil manufacturers.	Pound	131,356,138	39,661,032	30.2	[10] 1916–17
Production of canned kraut	Case No. 3 cans	1,158,291	[11] 334,836	[11] 28.9	1917
Production of canned cabbage	do	111,524	[11] 24,685	[11] 22.1	1917
Production of canned asparagus.	Case No. 2 cans	1,629,214	[11] 212,171	[11] 13.0	1917
Production of canned salmon	Case, tall	8,584,617	[12] 916,944	[12] 10.6	1917
Total receipts of grain at Chicago	Bushel	[13] 331,441,000	[14] 74,847,000	[14] 22.6	1917
Total grain elevator capacity at Chicago.	do	[13] 55,236,000	[14] 13,940,000	[14] 25.2	1917
Total grain elevator capacity at Kansas City.	do	[15] 23,975,000	[14] 5,900,000	[14] 24.6	1917

[1] Or nearest fiscal year.
[2] Cudahy Packing Co. not engaged in this industry.
[3] Year ending June 30, 1917.
[4] No production reported by Wilson & Co., Inc.
[5] Only 4 of the 5 large packers were engaged in the leather business during this period. The Cudahy Packing Co. did not enter this industry until the end of 1917.
[6] Jan. 1–Nov. 1.
[7] Year ending June 30, 1916.
[8] Production only of interstate slaughterers and cottonseed oil manufacturers. See text p. 224.
[9] Comprising production of Armour, Morris, and Swift; Cudahy and Wilson not engaged in this branch of the industry.
[10] Season of 1916–17.
[11] The Big Five control of distribution of many lines of canned foods not here cited is far greater than their control of production.
[12] Production of Swift & Co. interests and Wilson & Co., Inc., interests. In addition to this, 2 large companies in salmon, Alaska Packers' Association (California Packing Corporation) and the Booth Fisheries Co., are more or less connected with Armour & Co. The production of these 2 companies totals 31.4 per cent.
[13] Chicago only.
[14] Armour Grain Co. only. Other Big Five companies not engaged in this trade.
[15] Kansas City only.

The proportions of the packer interest in a number of the industries and facilities listed in Table 64 are thrown into graphic form on the chart facing this page.

To avoid making the chart unduly large, the wording on the stub of the chart has been abbreviated as much as possible. For this reason the chart should be read in connection with Table 64 and the footnotes of that table, where an exact statement is given of what the statistics cover in each industry or facility.

CHAPTER VII.—COMPANIES OF THE BIG PACKERS AND THEIR ASSOCIATES.

Section 1.—Introduction.

This chapter shows the extensiveness of the corporate and family stockholdings of the five big packers, treating of the methods by which they exercise control or influence over companies and listing the hundreds of companies in which they have majority or minority stock interests. Some of the companies with which the big packers are associated otherwise than through stock ownership and some of the groups of individuals with whom they work closely are also mentioned.

The number of corporations, firms, trusts, or other forms of business organization in which the five packers are interested is striking. The tables given on later pages list 762 such companies; 574 of these are controlled, including 131 trade-name companies; 95 are minority holdings; and in 93 the fact of interest has been ascertained but not its extent. (See pp. 290 to 329.)

Banks are important to the packers, especially for financing their large daily purchases of live stock, and it is found that they own stock in or are represented on the directorates of no less than 74 banks. The aggregate resources of these banks amount to $3,712,690,000.

Below is given a list of bank stock in the Chicago banks held by principal members of the packer families and by some of their close associates.[1]

Principal holdings of packer families and associates in Chicago banks.

	Number of banks.	Holdings.
Principal family holdings:		
J. Ogden Armour	10	$3,589,730
Edward Morris estate	7	2,480,630
Edward F. Swift	19	1,100,600
Ira N. Morris	10	967,300
Mrs. M. B. Armour	4	943,000
Louis F. Swift	11	524,000
Total		9,605,260
Associates:		
Edward Tilden & Co	6	3,824,650
James B. Forgan	2	1,159,500
J. A. Spoor	6	910,900
Total		5,895,050

[1] See pp. 345 and 362 for connection with packers.

Cudahy and Wilson holdings in Chicago banks would somewhat increase the figure of the packer holdings, as would the inclusion of other members of the Armour, Morris, and Swift families. The above list includes only the record stock holdings of the owners mentioned; additional stock may be held for them in the names of others.

The position of the packers in the New York banks is also strong in that J. Ogden Armour is a director of the National City Bank, Thomas E. Wilson is in the Guaranty Trust Co., and five of the powerful banks of New York (Kuhn, Loeb & Co., Guaranty Trust Co., Chase National Bank, Wm. Salomon & Co., and Hallgarten & Co.) are themselves directly interested in the ownership and management of Wilson & Co., Inc. (See Chapter IV, of Part II.) Representatives and close associates of the packers are also directors in other New York banks.

Among other features of the situation are directorships held by packers in railroads which initiate the rates and determine conditions of transportation for live stock and for the products and merchandise of the packers. They are also found to be controlling or minority interests in companies furnishing packing-house supplies and in a multiplicity of selling companies, in addition to which "family" companies are maintained by chief stockholders of some of the parent corporations.

The growth and present proportion of the big packers' participation in the meat, food, and other industries which the foregoing chapters set forth have been effected largely through the expansion of the primary companies, but to an important degree also through expansion by the instrumentality of separate companies. Many of these companies were organized by the packers themselves, but many of them, originally independent, have been acquired by packer interests in the course of the warfare of competition.

The method by which control of these companies is continued may be either direct ownership by the primary company, or community of stock ownership. In the case of a number of other companies in which the packers do not own the majority stock, they nevertheless influence or determine policy by means of minority holdings, proxies, and by leasing arrangements. In still other companies, trusted employees or close business associates of the packers own the stock.

METHODS OF CONTROL OR INFLUENCE.

Section 2.—Direct and indirect stock control.

The laws of the State of Illinois do not authorize any company incorporated in that State to hold stock in any other corporation. Armour & Co. and Swift & Co. are both chartered under Illinois laws, and the stock of their subsidiary and affiliated companies, when held by the company, is issued to an individual who holds the stock in trust for the parent company or assigns his interest. In the case of these two companies this method is followed because of the letter of the law, but it is also utilized by all three of the other packers—Cudahy Packing Co., Morris & Co., and Wilson & Co., Inc., which are not Illinois corporations.

The most obvious form of control is through the ownership by the main company of 50 per cent or more of the voting stock. This ownership may take a variety of forms with varying degrees of openness. Where the subsidiary relationship is acknowledged with entire openness the stock is recorded on the books of both the main company and the subsidiary company in the name of the main company, and the subsidiary takes the name of the parent company with some modification or addition to make clear the separate corporate identity. Wilson & Co. Inc., of California is a case in point, the stock of which is owned by Wilson & Co., Inc., the primary company, and so recorded.

Sometimes a subsidiary of the main company owns or controls other companies, and even a subsidiary of a subsidiary holds the stock of still other companies. For example, Wilson & Co. Inc., owns all the common stock of Central Products Corporation, a holding company, and the latter company holds the stock of T. M. Sinclair & Co., Ltd., a slaughtering company at Cedar Rapids, Iowa. The Sinclair company owns the Sinclair Sales Co., and the Sinclair Provision Co., an Oregon corporation.

In such cases the controlling packer relation to the underlying companies tends to be obscured from the public, even though if the companies manufacture meat products, the inspection number of the subsidiaries is registered with the Bureau of Animal Industry, and is usually the same as the number used by the parent company.

DUMMY STOCKHOLDERS. The use of the dummy stockholder is as common a method of attempting to conceal ownership to-day as was the dummy director a few years ago.

Every one of the five big packing companies practices it to a greater or less extent. Even those whose State of incorporation permits direct holdings have subsidiary companies whose stock is held in the name of a trusted employee or attorney, or other party for the benefit of the primary company.

Similarly stock investments by the individual members of the packer families or by the family estates are frequently held by dummies.

The common practice in the case of dummy holdings is to record on the subsidiary or affiliated company's stock books the name of the dummy as the stockholder of record and to direct him to assign the stock in blank to the parent company or other person designated by the parent company, or to the members of the family who are the true owners.

The stockholder of record, therefore, is the dummy, either a clerk or the confidential man of the real owner who directs the voting of the stock and receives all dividends.

Dividend checks are sometimes simply endorsed to the true owner or they are deposited to his own account by the dummy who then draws his personal check to the owner for the same amount.[1] The latter practice makes the tracing of real ownership difficult.

Should a dummy become intractable, or for any reason be not desired, the owner may substitute another, as the instrument of assignment gives the company that power.

An indication of how dummy stockholders are used by Swift & Co. is found in the case of the Union Rendering Co., of St. Paul. Among the stockholders of record as reported by that company appeared the name of J. G. Kennedy, St. Paul, Minn. The stockholders questionnaire[2] was sent to Kennedy to inquire whether he was the beneficial owner of the stock standing in his name. No reply was received from him but the following letter was received from Swift & Co.:

SWIFT & COMPANY,
UNION STOCK YARDS,
South St. Paul, Minn., April 2, 1918.

FEDERAL TRADE COMMISSION,
Washington, D. C.

GENTLEMEN: We are returning the attached schedule and will advise that Mr. J. G. Kennedy is no longer a stockholder of the Union Rendering Company. His place has been taken by Mr. W. P. Byrne, St. Paul, Minn.

Yours respectfully,

[Signed] SWIFT & COMPANY,
Per J. H. B.

Acctg. Dept.
EBS-MS.

A stockholders questionnaire sent to Byrne brought the reply that Byrne held this stock for Swift & Co.

The following letters from the files of the Western Meat Co., in which members of the Swift family are the chief stockholders, afford another example:

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[1] See p. 276. [2] See p. 517.

Office of the President.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, December 27, 1913.

MR. E. B. SHUGERT,
Western Meat Company, San Francisco, Calif.

BELT RAILWAY STOCK.

DEAR SIR: Referring to yours of the 22nd inst.: Think it advisable to have the seven shares now standing in name of V. M. Smith transferred to some other name. It will be satisfactory to put the stock in the name of Coulter or Chapman, as you think best.

Awaiting your reply.

Yours respectfully.

[Signed] LOUIS F. SWIFT.
N

[In pencil:] G. J. Jobst
Pls transfer to Mr. Coulter

JAN. 5TH, 1914.

MR. GEO. H. CHAPMAN,
Secy., So. S. F. Land & Imp. Co., So. San Francisco, Cal.

DEAR SIR: I understand that you are holding among your securities seven (7) shares of Belt Railway stock standing in the name of V. M. Smith. If I am correct in this would like to have you send the certificate to me, and we will cancel same and issue a new one in the name of F. J. Coulter, having it properly indorsed and returned to you.

Awaiting your reply, we remain,

Yours respectfully,

WESTERN MEAT COMPANY,
Per ——— ———,
Secretary.

EBS—O.
[E. B. Shugert.]

JAN. 9TH, 1914.

MR. LOUIS F. SWIFT, *Pres.*,
Union Stock Yards, Chicago, Ill.

DEAR SIR: Complying with your request of the 27th ultimo, signed "N":

Beg to state that we have today cancelled the certificate covering seven (7) shares of Belt Railway stock in the name of V. M. Smith, and issued a new certificate in lieu thereof for a like number of shares in the name of F. J. Coulter.

Yours respectfully,

WESTERN MEAT COMPANY,
Per

EBS—O.
[E. B. Shugert.]

Concealment of ownership.—One reason why the dummy stock holder is resorted to is to conceal the true ownership, as has been suggested above. The Record Stockman Publishing Co. is a market newspaper published at Denver, Colo., 50.03 per cent of the stock of which is controlled jointly by the Swift and Armour interests and 49.97 per cent by Fred P. Johnson, the president of the company. The Armour stock is practically all held by Guy S. Bailey

for Armour & Co. and the Swift stock by H. A. Chetham for Swift & Co. The schedule reports of Swift & Co. and Armour & Co. to the Commission show that they together hold 1,501 shares out of 3,000. Though the Commission, by virtue of its powers, was able to ascertain the true ownership, the three letters of the series following indicate how the packers conceal the facts from the public and in particular from the cattle producers, who are vitally interested in the unbiased character of live-stock market publications. These letters were in the files of Henry Veeder. Attention is called to the cautious method of reply as suggested by Louis F. Swift and the careful advice of Mr. Veeder to Mr. Urion, of Armour & Co., to make the evasive verbal reply agreed upon.

Personal and private.

AMERICAN NATIONAL LIVE STOCK ASSOCIATION,
OFFICE OF THE SECRETARY,
909 Seventeenth St., Denver, Colo., April 11, 1914.

Mr. A. R. URION, *Attorney,*
Armour & Co., Union Stock Yards, Chicago, Ill.

DEAR MR. URION: The affidavit of ownership the Record Stockman Publishing Company (publishing "The Denver Record Stockman," an official paper of the yards here), states that H. A. Chetham, of Chicago, and Guy Bailey, also of Chicago, are the owners of some stock in the company. I have heard it intimated that the Armour and Swift interest owns "The Denver Record Stockman," published by Fred Johnson, and I would like to know the facts as to this. Of course, I will not quote you in the matter.

When I receive your reply giving me the information requested, I will probably write you further.

Meantime, accept assurance of my best esteem, and believe me,

Very sincerely yours,

0 T. W. TOMLINSON, *Secretary.*

6-8-15-F

CHICAGO, *May 19, 1914.*

LOUIS F. SWIFT, Esq.,
c/o Swift and Company, Chicago.

THE DENVER RECORD STOCKMAN.

DEAR SIR: Herewith please find copy of correspondence in reference to the ownership of the above company.

I would suggest to Mr. Tomlinson that we understand the paper is largely owned and is controlled by Mr. Johnson. We might perhaps add that Swift and Company and Armour & Company have a small amount of the stock, otherwise Mr. Tomlinson might think our answer evasive.

Sincerely yours,

HV [Henry Veeder]-B
6-8-16-F

Office of the President.

SWIFT AND COMPANY. UNION STOCK YARDS,
Chicago, June 11, 1914.

MR. HENRY VEEDER,
76 W. Monroe St., Chicago, Ill.

THE DENVER RECORD STOCKMAN.

DEAR SIR: Referring to your letter of May 19th, regarding the inquiry from Mr. Tomlinson in reference to the Denver Record Stockman.

If we can do so, think it would be just as well for Mr. Urion not to make any reply to Mr. Tomlinson. If he wanted to say anything, I would suggest he do it verbally, without writing any letters, and I think the most he might say verbally is what you suggest, viz: That we understand the paper is largely owned and controlled by Mr. Johnson; and we might perhaps add that Mr. Chetham and Mr. Bailey were friends of ours.

If you agree, will be glad to have it handled this way.

Yours respectfully,

LOUIS F. SWIFT.

6-8-17-F.

JUNE 12, 1914.

A. R. URION, Esq.,
c/o Armour & Company, Union Stock Yards, Chicago.

THE DENVER RECORD STOCKMAN.

DEAR SIR: I return correspondence with Mr. Meeker, in reference to furnishing certain information to Mr. Tomlinson.

I would suggest that I think it would be just as well for you not to make any reply to Mr. Tomlinson in writing, but if you make any reply at all that you do so verbally to the effect that you understand the paper is largely owned and controlled by Mr. Johnson, and you might add that Mr. Chetham and Mr. Bailey are friends of ours.

Sincerely yours,

HV-O
6-8-18-F.

Another example of concealment of ownership through dummy stockholders is the Kansas City Stock Yards Co., which is dominated by Morris interests, but the books of record of the stock yards company show in the Morris name only 26 out of 25,000 voting shares, and only 180 out of 79,915 preferred shares. The bulk of the stock that stands in the name of E. V. R. Thayer, president of the stock yards company, and largest stockholder of record, was endorsed in blank by him and forwarded to the estate of Edward Morris. The Thayer family was formerly among the chief bona fide stockholders in the Kansas City yards, and the retention of this stock in the Thayer name for Morris interests tends to conceal the change of ownership. The second largest block of stock stands in the name of Roy A. Hitchings, Boston, Mass., but was assigned in blank by him and forwarded to the estate of Edward Morris. Members of the Morris family own other small holdings of the stock, but these do not stand on the record in their names but are in the name of Martin H. Foss, a Chicago attorney.

The use of dummy stockholders for the specific purpose of avoiding public knowledge of true ownership is shown by the following letter from Louis ~~F. Swift, found~~ in the files of the Western Meat Co.:

APRIL 21, 1916.

Mr. E. B. SHUGERT,
Western Meat Company, San Francisco, Cal.

DEAR SIR: Referring to the San Francisco Cattle Loan Company, Mr. Washburn wrote Mr. Swift on April 3rd that Mr. Jastro would not care to have it become public that he was a stockholder of the company. Of course, you probably are aware of this and I simply call it to your attention so that you can have the stock owned by him issued in somebody's else name.

Yours respectfully,

[Signed] LOUIS F. SWIFT.

HB C

Nonexistent dummies—Chicago Bearing Metal Co.—Another interesting case of the use of the dummy stockholder comes to light in connection with the Chicago Bearing Metal Co. This company manufactures certain supplies for railroad use and is controlled by the Swifts and affiliated interests.[1]

The Commission asked for data on this company from several of its officers and, among other papers, a list of the stockholders of record. One list was furnished an examiner of the Commission in Chicago and two others were mailed to the Commission at Washington, being submitted as complete and authentic. However, questionnaires were sent to many of the stockholders, asking them for whom they held the shares.

Two of these shareholders were L. V. Robinson and H. B. Natchez, care of C. F. Stephenson, of Swift & Co., Chicago. A third was L. R. Poor, address, Union Stock Yards, Chicago. Their answers were made by Stephenson, an employee of Edward F. Swift, who in each case attached a memorandum to the questionnaire in which he stated that there were no such persons as L. V. Robinson, H. B. Natchez, or L. R. Poor. He also stated that "Mr. Edward F. Swift is now and at all times has been the owner of this stock," and that the stock had been put in the name of these fictitious persons "during the early life of the company and during a time it was not known how much of a success the company might be."

Only $250,000 was paid into this company, and it has within a few years increased its capital stock to $3,030,000 on which it has earned good returns; and yet this stock of Mr. Swift's still stands in the names of L. V. Robinson, H. B. Natchez, and L. R. Poor, nonexistent persons.

Possibilities of tax evasion.—One of the reasons for the use of the dummy stockholder may be to evade income taxes. The Commission has reported to the Internal-Revenue Bureau specific facts it

[1] See pp. 349-350.

has ascertained as to dummy holdings in order that the bureau may check the returns.

One specific instance as to how the income-tax return, covering a dummy holding, was made up has come to attention. This was in connection with the Ehle cotton-oil mills, referred to on page 218 the legal title to which for some years prior to 1914 stood in the name of L. C. Ehle, a law clerk in Henry Veeder's office. The real ownership during that period was either in Swift & Co., Armour & Co., and Morris & Co., as contended by the State of Texas in Texas v. Swift & Co. et. al.,[1] or in the individual defendants as trustees for G. F. Swift, J. O. Armour, and Edward Morris as the defendants contended. Henry Veeder, as a witness in Arba N. Waterman et al. v. Louis C. Ehle et al.,[2] a case involving the question of the ownership of these mills, testified as follows regarding how he made up the Federal income-tax return covering these properties for the 10 months from March 31, 1913, to December 31, 1913:

> The oil-mill property stood in Ehle's name, and it was necessary to file a return for Federal income taxation for Mr. Ehle as the owner of his own property and of the mill property, so the oil-mill manager prepared a statement of the mill property earnings or income, statement of the mill property, and Mr. Ehle prepared in his own handwriting a statement of his own income. Both of these were handed to me and were consolidated into one income account, which was filed with the collector of internal revenue at Chicago.

Ehle's personal taxable income, according to the exhibits produced in court and identified by Veeder, was $4,197.25; the net income shown on the compiled return, including the oil-mill income, was $53,037.71. Veeder also testified that the return was signed by Ehle, that nothing was said on the return about a trustee, and nothing was said about an oil mill. This form of return concealed from the internal-revenue officials the true owners of the income from the Ehle mills.

The ownership was further covered by the fact that it was the practice when profits were to be distributed for Ehle to receive checks to his order, which according to his testimony he would deposit in his bank and then draw his personal checks in favor of the owners.

If this income accrued actually to the three packing companies, and if they included it in their income-tax return, then a double tax was paid, which hardly seems likely. If it accrued actually to the three individuals, Swift, Armour, and Morris, who alleged in the Texas case that they were the owners of the property, they either paid the tax on it twice or the tax was paid only once, namely, in the Ehle return, and in that case the surtax paid would have been at the rate applicable to a total income shown on the Ehle return as $53,037.71 instead of at the rate applicable to the large personal incomes of the

[1] No. 31947, in district court of Travis County, Tex., for the twenty-sixth judicial district, suit filed Apr. 8, 1915.
[2] No. B-4924, in chancery, in the circuit court of Cook County, Ill., February term, 1915.

three packers. The surtax rate under the income-tax law for 1913 was 2 per cent on personal incomes above $50,000, 3 per cent on those above $75,000, and on up to 6 per cent on those above $500,000.

The two following letters from the files of Henry Veeder, counsel for Swift & Co., bear on the relation of Swift dummies to the Massachusetts income-tax law. In the second letter the words "estate" or the "individuals interested" or the "western interests" refer to the estate of G. F. Swift, or members of the Swift family. The manner of handling dividend checks will be noted.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, June 21, 1916.

Messrs. ALBERT H. & HENRY VEEDER,
76 W. Monroe Street, Chicago, Ill.

MASSACHUSETTS INCOME TAX.

GENTLEMEN: I enclose a list of shares owned by Swift & Company and issued in the names of individuals residing in Massachusetts by corporations transacting business in that State.

Am sending you also copy of a letter from Mr. Freedom Hutchinson under date of June 12th addressed to Mr. Geo. H. Swift.

You have a record of the officers and directors of the respective companies.

Would like your advice on the following points:

1. Whether, in each case, it would be practicable to transfer the shares to individuals residing outside of the State of Massachusetts.

Consideration should be given to the question of whether (*a*) we could have officers or directors who need not be shareholders; (*b*) if officers, or directors must be shareholders, whether they could be nonresidents.

2. Whether it would be at all practicable to have these shares written in the name of Swift & Company, of Illinois, which is the real owner.

At the present time we own no stocks which stand of record in the name of Swift & Company.

3. Do you think it would be reasonably safe to allow the shares to stand in the names of the present owners of record, and if you do, should they give the respective companies orders to pay dividends to Swift & Company, and should the dividend checks be written to the order of Swift & Company?

This is the present practice in some cases, but in others the dividend checks are drawn to the order of the shareholders of record, who either endorse them over to Swift & Company or deposit the checks in their personal bank accounts and give Swift & Company their personal checks for the same amounts.

Awaiting your reply,

Yours respectfully,

LOUIS F. SWIFT.

BHS
N.

JULY 13, 1916.

MR. GEO. H. SWIFT,
60 N. Market Street, Boston, Mass.

DEAR SIR: Referring to your letter of June 15th, relative to the new Massachusetts income-tax law, the companies in which the estate or the individuals are interested, and which would be affected by this law, I believe, are as follows:

Name.	Incorporated under laws of—
North Packing & Provision Co	Maine.
John P. Squire & Company	Do.
The Sperry & Barnes Co	Connecticut.
White, Pevey & Dexter Co	Maine.
Springfield Provision Co	New Hampshire.
Consolidated Rendering Co	Maine.
New England Dressed Meat & Wool Co	Do.
Geo. E. Skinner & Company	Do.

All of the above companies, I understand, are doing business in the State of Massachusetts, and all therefore come under the provision of the law whereby—

"On or before the first day of March, 1917, and each year thereafter, there will be required to be filed with the tax commissioner a list of the names and addresses of their respective shareholders as of record December 31st of the previous year; or in their discretion of such stockholders as are residents of the Commonwealth of Mass."

We have submitted this matter to Mr. Veeder and he agrees with Mr. Hutchison that there should be no complication in connection with the stock of the various companies owned by the western interests, standing in varying amounts, and in the names of—

Messrs. Geo. H. Swift,
F. C. Bassett,
F. W. Crocker,
H. J. Nichols,

or others, as the case may be, and that should the commissioner raise any question that there is no reason why we should expect any unfair publicity upon his receiving notice from the company that "No dividend will be paid to the respective individuals on the stock standing in their names, same being owned by interests residing outside of the State."

As to the Swift & Company stock standing in the names of Massachusetts residents in the names of—

D. M. Anthony,
F. W. Crocker,
H. J. Nichols,
Hornblower & Weeks,

I understand that Swift & Company, of Illinois, is not licensed to do business in the State of Massachusetts and the tax commissioner cannot, therefore, compel them to furnish a list of their Massachusetts stockholders unless it is done by suit brought by tax commissioner in the State of Illinois. Consequently the stock above mentioned, standing in the names of Massachusetts residents not being their own personal belongings, and they not receiving any dividend therefor, naturally will not be included in their income-tax return, and there should be no complication on that score.

Therefore, if you agree, we suggest letting the stock stand just as it has in the past.

Yours respectfully,

LOUIS F. SWIFT.
C.

OFS
O

Minutes of stockholders' meetings and details of control.—Records taken from the files of Henry Veeder show that in some cases minutes of stockholders and directors meetings have been written or revised in Veeder's office before the meeting, it then being necessary only for the dummies to go through the form of a meeting. In other instances the minutes have been revised after the stockholders' meetings have been held as is shown by the following letter:

THE DENVER UNION STOCK YARD COMPANY,
Denver, Colorado, Feb. 13, 1917.

MR. HENRY VEEDER,
76 W. Monroe St., Chicago, Ill.

DEAR SIR: I enclose herewith minutes of the stockholders' meeting of the Record-Stockman Publishing Company, which was held February 10, 1917, together with proof of publication and affidavit showing that notices have been sent out to each stock holder.

I also enclose proxy of Mr. Guy S. Bailey. I did not receive Mr. Chetham's proxy, and assume that you have it in your file.

I have returned herewith minutes for the directors' meeting which was held immediately after the stock holders' meeting. At this meeting a resolution was adopted to declare a dividend of 25% or $2.50 per share upon the outstanding shares of the capital stock of the company, payable March 1, 1917.

It was also recommended at this meeting to look into the advisability of the company purchasing their own printing plant and moving both plant and offices out to the stock yards.

Will you kindly redraft minutes for the directors' meeting, inserting the above resolutions, sending me copy for my files?

Very truly yours, R. R. DITTMAN, *Sec'y-Treas.*

RRD-TR
6-8-19-F

In the following letter F. S. Hayward, secretary of Swift & Co., under date of December 21, 1917, writes to Albert H. & Henry Veeder stating what officers should be elected by the stockholders of the St. Joseph Tanning Co., a corporation in which Swift & Co. reports the ownership of only 50 per cent of the stock, and in which the Howes interests, of Boston, report the ownership of most of the remaining 50 per cent.

F. S. HAYWARD, Secretary.

SWIFT AND COMPANY,
UNION STOCK YDS.,
Chicago, December 21, 1917.

Messrs. ALBERT H. & HENRY VEEDER,
76 West Monroe St., Chicago, Ill.

ST. JOSEPH TANNING COMPANY.

GENTLEMEN: Replying to your letter of November 28th regarding annual meetings of the above company which are due to be held January 28th: It is satisfactory to reelect the present officers and directors and I know of no special business to be transacted at either meeting.

In your list of officers you show J. O. Humfreville as assistant treasurer. This should be eliminated from your records; otherwise, they are correct.

Yours truly,

F. S. HAYWARD.

8-6-6-H

Letters showing how details of the management of the Western Meat Co., of San Francisco, were handled from the office of Louis F. Swift at Chicago, even after his formal withdrawal from the directorate of the company, are given below. These letters show also how dummy stockholders are provided with stock and how "the necessary dividend order" is secured from them.

Office of the President.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, January 5, 1914.

MR. E. B. SHUGERT,
c/o Western Meat Company, San Francisco, Cal.

DEAR SIR: While there is so much agitation about interlocking directors I have decided it is best for me to resign as a director and officer of the Western Meat Company, and enclose you my resignation.

I don't know any other suggestion to make, except to make Mr. Washburn president and look for some one for vice president.

You might consult Jesse Lilienthal and ask him if he is willing to have Mr. Raymond occupy the position nominally; that is, if you approve, and if you do, have him elected.

Would like to have this done very quietly, not letting the papers know of any change, and when your annual meeting comes in March would rather the papers not know of it. If they insist on knowing, you can simply say the same directors and officers were elected as before; they possibly would let it pass without enumerating who they were. Of course, as we have discontinued showing the officers' names on the letterhead, this will be not known to the public.

Awaiting your reply,

Yours respectfully, [Signed] LOUIS F. SWIFT.

MC C.

LOUIS F. SWIFT,
Chicago, January 6th, 1914.

To the BOARD OF DIRECTORS OF THE WESTERN MEAT COMPANY,
6th and Townsend Sts., So. San Francisco, Cal.

GENTLEMEN: I regret to advise you that, owing to the demands being made upon me in other lines, I am compelled to resign as director of your company, my resignation to take effect immediately, or as soon as my successor can be elected.

Awaiting your reply,

Yours respectfully, [Signed] L. F. SWIFT.

Office of the President.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, January 6, 1914.

MR. E. B. SHUGERT,
c/o Western Meat Company, San Francisco, Cal.

DEAR SIR: Referring to another letter written you to-day:

Please have it understood with Mr. Washburn that it may be that we will want to change back again later on to the present officers, and I do not want him to feel hurt if such should prove to be the case. In the meantime want him to understand that there is to be no change in the manner of conducting the business from the present viz; it will be directed from Chicago as heretofore.

Awaiting your reply,

Yours respectfully, [Signed] LOUIS F. SWIFT.

MC C.

JAN. 14, 1914.

Mr. LOUIS F. SWIFT, *Pres.*,
Union Stock Yards, Chicago, Ill.

DEAR SIR: Answering your letter of the 5th instant, in reference to directors and officers:

Wish to say that I have consulted Mr. Lilienthal in this matter, and would like to suggest that Mr. Raymond be named as a director to fill the vacancy, and that Mr. J. W. Lilienthal be made vice president. This is entirely agreeable to Mr. Lilienthal; in fact he suggested the arrangement.

If this is agreeable to you, the changes can be made at once; and would like to ask that you send us a certificate for one (1) share of stock to be placed in the name of Mr. Raymond, in order that he may legally qualify as a director.

Yours respectfully,

WESTERN MEAT COMPANY.
Per

EBS-O.
[E. B. Shugert.]

JAN. 19, 1914.

Mr. LOUIS F. SWIFT, Pres.,
Union Stock Yards, Chicago, Ill.

DEAR SIR: We acknowledge receipt of your favor of the 6th instant, signed "C," in reference to change in officers, and wish to say in reply that the matter is thoroughly understood by all concerned.

Yours respectfully,

WESTERN MEAT COMPANY.
Per

EBS-O.

L. F. Swift, President.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, January 24, 1914.

Mr. E. B. SHUGERT,
Western Meat Company, San Francisco, California.

DIRECTORS AND OFFICERS, WESTERN MEAT CO.

DEAR SIR: Answering your favor of the 14th instant: I approve of your suggestion of making Mr. J. W. Lilienthal vice president and Mr. Raymond a director of the Western Meat Company, and enclose you herewith certificate No. 642 for twenty-five shares in the name of Louis F. Swift, five shares of which please transfer in the name of Mr. Raymond, and twenty shares in my name, returning the two certificates to me.

Kindly see that Mr. Raymond endorses the certificate in his name, also that his endorsement is properly witnessed, and dividend order filed with the company for the dividend on this stock to be forwarded to me.

Awaiting your reply, with copy of dividend order and certificates, I am,

Yours respectfully,

[Signed] LOUIS F. SWIFT.
C

MSB
[In pencil:] FLW [F. L. Washburn.]

JAN. 28, 1914.

Mr. LOUIS F. SWIFT, Pres.,
Union Stock Yards, Chicago, Ill.

DEAR SIR: We acknowledge receipt of your favor of the 24th instant, signed "C," and in reply beg to enclose you copies of the minutes of meeting of our directors held Jan. 28th, making the various changes suggested.

We are also enclosing you the following stock certificates issued in lieu of certificate #642:

Certificate #675—Albert Raymond—5 shares.
Certificate #676—Louis F. Swift—20 "

We have obtained the necessary dividend order, enclosing you a copy.

Yours respectfully,

WESTERN MEAT COMPANY.
Per

EBS O.

Another letter from the Western Meat Co. files indicates how dividends of the Oakland Meat & Packing Co., of Oakland, Cal., a secret subsidiary of the Western Meat Co., were got into the hands of the Western Meat Co., the true owner. The Western Meat Co.'s stock in the Oakland company (except directors' shares) stands in the name of H. A. Chetham, a trusted employee of Swift & Co. The Oakland company, therefore, remits the dividend check to Chetham, the Western Meat Co. notifies Chetham, Chetham apparently deposits the check in his personal bank account, and the Western Meat Co. then promptly draws a draft on Chetham for the money. The letter follows:

SEPT. 29, 1917.

Mr. H. A. CHETHAM,
c/o Swift & Company, Chicago, Illinois.

DEAR SIR: The Oakland Meat & Packing Company is to-day remitting you \$10,000.00, covering October dividend. We will draw for like amount on Monday of next week.

Yours respectfully,

WESTERN MEAT COMPANY.
Per

EBS EP

TRADE NAMES.—Many companies are maintained by the packers simply for the trade value of their names. Sometimes these are incorporated companies no longer of any practical use as going concerns, whose assets have been transferred to another company, but whose charter of incorporation is still held and whose name is still used in the business. In still other instances the concerns have never been incorporated, being merely operating names for other companies which own the property. W. F. Priebe Co., a subsidiary of Swift & Co., operates many unincorporated trade-name concerns in the produce business. The Armour Leather Co. is but a trade name for a leather selling department of Armour & Co. Many individual cotton gins are operated under trade names by

Swift & Co. through the Consumers' Cotton Oil Mills (Not Inc.) (see p. 304). Thus, for example, the Decatur Gin (Decatur, Tex.) is a trade name for a gin really operated by the Consumers' Cotton Oil Mills (Not Inc.), which is in turn entirely owned by Swift & Co. The Farmers' Gin (Beasley, Tex.), the Planters' Gin (Little Rock, Ark.), and 20 or more similar trade-name gins scattered through Texas, Mississippi, and Tennessee are really controlled in the same way by Swift & Co.

COMMUNITY OF INTEREST.—In many cases companies are controlled by stockholders who are also important stockholders in the primary packing company. Or control may be had through the combined holdings of the primary company and of individual stockholders. Companies so related may be designated as affiliated. So far as the lessening of competition is concerned control through community of ownership is quite as effective as that through direct ownership by the primary company.

Perhaps the most important of the many communities of interest found are those between Swift & Co. and the "eastern companies" of the Swift family (listed on p. 272); those between Armour & Co., and the Armour Grain Co., and those between Armour & Co., and the Fruit Growers' Express, Inc.; and generally those between all five packing companies and the banks, and those between all five companies and the stockyards companies.

JOINT-STOCK CONTROL.—The Commission has found over 100 companies (see chart facing p. 46) in which two or more of the Big Five companies or the owning families thereof are interested jointly, most of which they jointly control.

In some instances the ownership of one of the five is predominate while in others the combined holdings of stock of two or more of them are necessary to control. Companies in which joint-stock interest has been definitely ascertained are listed on pages 290–299.

All five of the packer interests individually own stock in the Western Meat Co., at San Francisco, though it is predominately a Swift concern and members of the Cudahy family have less than 1 per cent and the Armour and Wilson families only 4 per cent together. Members of the Morris family have 30 per cent and the Swift family 45 per cent. No member of the packer families appears as a director or officer, but the correspondence files of the company show that Louis F. Swift directs its policy. Counting stock held by trusted employees of Swift & Co. would raise the Swift interest to 48 per cent, and if proxies given the secretary of the company on additional non-packer stock were counted as Swift controlled the per cent would increase to 53.

Following are letters from the files of the Western Meat Co. showing the control of the voting of Morris proxies, and proxies of Swift & Co. employees, by Louis F. Swift.

Office of the President.

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, March 7, 1914.

Mr. E. B. SHUGERT,
Western Meat Co., 6th & Townsend Sts.,
San Francisco, Calif.

ANNUAL MEETING, WESTERN MEAT COMPANY.

DEAR SIR: Enclosed please find the following proxies of the eastern interests to be voted at the annual meeting of the Western Meat Company to be held March 16th:

L. F. Swift.
Charles H. Swift.
Harold H. Swift.
G. F. Swift, jr.
George H. Swift.
Ann M. Swift.
Edward Tilden.
Albert H. Veeder.
Estate of Edw. Morris.
Nelson S. Morris.
Edward Morris, jr.
Helen Swift Morris.
S. Goldsheim.
Thos. E. Wilson.
C. M. Macfarlane. ⎫
L. H. Heymann. ⎭ [Officers of Morris & Co.]

It will be satisfactory for you to arrange the reelection of the present officers and directors.

Kindly send me copy of the minutes of these meetings in due course.

Yours respectfully,

[Signed] LOUIS F. SWIFT.

MC n.

CHICAGO, *March 10, 1916.*

Mr. E. B. SHUGERT,
Western Meat Co., 6th & Townsend Sts., San Francisco, Cal.

DEAR SIR: Enclosed please find the following proxies for the coming annual meeting of the Western Meat Company, to be held March 20:

L. F. Swift.
Chas. H. Swift.
G. F. Swift, Jr.
T. Philip Swift.
L. A. Carton. ⎫
A. R. Fay. ⎬ [Employees of Swift & Co.]
W. Leavitt. ⎭
T. Goldstein.
Edward F. Swift.
Harold H. Swift.
Geo. H. Swift.
Ruth Swift Maguire.
H. A. Chetham. ⎫
Herbert J. Nelson. ⎭ [Employees of Swift & Co.]
C. M. Macfarlane. [Officer of Morris & Co.]
Monmouth Securities Co.

Presume that you will see that the proper revenue stamps are affixed to all of such as are used.

Know of nothing special to come before this meeting and if Mr. Washburn and you agree it will be satisfactory to reelect the present officers and directors.

Please see that a copy of the minutes of both stockholders' and directors' meetings are sent to me, together with a correct list of stockholders.

Yours respectfully,

[Signed] LOUIS F. SWIFT.
n.

The Union Meat Co. at Portland, Oreg., was found to be jointly owned by Swift, Armour, and Morris interests when the investigation was made. There was a peculiar situation there in that 32 per cent of the stock was held in the name of H. A. Chetham, a trusted employee and confidential man in the office of Louis F. Swift, but was assigned by him to Armour & Co. The 11 per cent of the stock owned by Morris interests in the same concern stood on the books of record in the name of H. J. Nelson, also in the office of L. F. Swift, but was assigned by him to C. M. Macfarlane, vice president and treasurer of Morris & Co. Neither the Swifts, Armours, or Morrises appeared as officers or directors, and the stock record concealed the joint character of the ownership. The schedule to Armour & Co. as to stock held by or for it brought out the fact of its interest, but the Morris interest was not reported by Morris & Co., being presumably an individual, not a corporate, holding. Even the local officers of the Union Meat Co. it appears did not know the Armour connection. When the Commission wrote them to inquire further regarding the Armour stock, they replied that they did not know of Armour having any interest in the company and that their records did not show any.

After the close of the investigation, the Commission was advised that there had been a change in the ownership of the Union Meat Co., and that the company is now 100 per cent owned by Swift & Co., the other interests having been acquired by the estate of G. F. Swift and sold to Swift & Co.

Many of the packer rendering and stockyards and land development companies, which afford very profitable investments, are jointly controlled. The letters below show how some of the packers regard the stock of these concerns.

SOUTHSIDE, OMAHA, *May 9, 1916.*

Mr. R. J. DUNHAM [Vice president],
Armour & Company, Chicago, Ill.

MY DEAR BOB: In checking up the stockholders of the old rendering company I find Swift holds 340 shares, Morris 200, Cudahy 160, and Armour 80 shares. The others are held by outsiders. You can see by this that Swift will not be very favorable toward our starting a new company.

I had it up with the Swift people and asked them what they thought of the proposition and I expect to hear from them in a day or two. If anything further develops will let you know.

I give you this for your information.

Yours truly,

R. C. HOWE,
[Armour manager at Omaha.]

MAY 11, 1916.

Mr. R. J. DUNHAM:

How is it these other people have so much more of this rendering company stock than we? I guess we didn't ask for it when we went out there originally.

J. O. ARMOUR.

CHICAGO, *May 1, 1917*.

Mr. WM. MAGIVNY [President],

St. Paul Union Stock Yards Co. [Controlled by Swift and Armour], *So. St. Paul, Minn.*

DEAR SIR: If you care to sell your rendering company stock at Sioux City I would be glad to know what your ideas are about price.

Awaiting your reply,

Yours respectfully,

L. F. SWIFT.

Dict. LFS
EM"

L. A. Carton.

ST. PAUL UNION STOCKYARDS COMPANY,
So. St. Paul, Minn.. May 7, 1917.

Mr. LOUIS F. SWIFT,

Union Stockyards, Chicago, Ill.

DEAR SIR: Answering your favor of the 1st inst. relative to my stock in the Iowa Rendering Company at Sioux City. Inasmuch as this stock earned $116.00 a share last year and is going stronger than that so far this year, I have not been looking very hard for a buyer. I gave several years of work to that institution when I was in Sioux City with the idea that I would help build up something that would be profitable to me in later years. I would therefore not care to dispose of my stock unless I could get enough for it so that the money invested in some other direction would bring me returns somewhere near commensurate to the returns I am getting now. I have 175 shares of St. Paul Union Stockyards Company stock which earned last year about $2,537.50. My 37 shares of Iowa Rendering Company stock earned last year $4,292.00. I will put these two together in an offer at $45,000.00. This offer is subject to prior sale of any part and in any event will be good only until May 15th.

Yours respectfully,

WM. MAGIVNY.

Wm-A

Commonwealth Audit Co.—It was also ascertained that packer and stockyards influences are in the Commonwealth Audit Co. A letter giving information and protesting against these interests invading the professional field of auditing was received and schedules and questionnaires were thereupon sent out.

The Commonwealth Audit Co. has offices at 38 South Dearborn Street, Chicago, Ill. Its officers (December, 1918) are Robert W. Martin, president, and Alexander Johnson, secretary, and its directors, as reported, are A. E. Rawson, D. L. Harris, and R. W. Martin.

That Morris and Wilson interests and officials of the Chicago Stock Yards control this company does not appear, therefore, from the list of officers and directors. However, the stockholders owning 245 shares out of the total capital of 250 shares are the following:

	Shares.
Estate of Edward Morris	62
Members of Morris family	13
	75
Officers of Morris & Co. and their families	35
	110
Thomas E. Wilson	20
George H. Cowan (vice president of Wilson & Co., Inc.)	10
	30
	140
Chicago Stock Yards officials:	
J. A. Spoor (in name of A. E. Rawson)	75
A. G. Leonard (in name of D. L. Harris)	20
H. E. Poronto (in name of D. L. Harris)	10
	105
	245
Others	5
	250

Thus the Morris and Wilson families own 95 shares, or 38 per cent of the stock, other officers of Morris & Co. and Wilson & Co., Inc., and members of their families own 45 additional shares, making a total of 140 shares, or 56 per cent. Besides J. A. Spoor, A. G. Leonard, and H. E. Poronto, of the Chicago Stock Yards interests, own 105 shares, or 42 per cent, through dummies.

Section 3.—Other means of influencing policy.

Control by proxy.—As a practical matter, control over companies is not limited to the instrument of ownership of the capital stock. Several instances may be cited where the packing interest owns less than one-half of the stock, even including that owned by subsidiaries or by individuals, yet by securing proxies virtual control is obtained.

Contracts.—In a few instances the Commission has found that control over other companies is secured and maintained through the leasing to such companies of equipment, plants, and machinery. These leases are made to contain restrictive clauses covering matters over which it is an advantage to the primary company to exercise dominating influence. In some of these instances the small packer lessee is a "tenant at will" on the property of the big packer who owns the only available premises in the community, or the lease or agreement restricts the tenant in his sale of product or in the branches of industry in which he may engage. Some of the lessees

from the Butchers' Slaughtering and Melting Association, a subsidiary of Swift & Co., which controls the abattoir at Brighton, Mass., are subject to such restrictions. (See p. 333.) Concerns controlled in the above ways are usually small.

Reference is made on page 59 of Part II to small local packers in New York City as "outsiders" under the domination of the big packers through lease or financing. A memorandum by Germon F. Sulzberger is there quoted, speaking of Sulzberger & Sons Co.'s "outsiders" and those of the other packers, and indicating the exercise of a real control of their business.

The tanning contracts of the packing companies (see p. 208 and p. 334), by which they control part of the output of a number of otherwise independent tanning concerns, are also to be considered in this connection.

Section 4.—Minority holders in packer-controlled companies.

An interesting incident to important minority holdings in packer-controlled subsidiaries or affiliated companies is the circumstance that such minority holdings of stock are frequently owned by persons in the city where the subsidiary company's office is located. The Swift interests especially seem to show this development. It is probable that by including individuals of local prominence as minority stockholders in Big Five concerns the business is increased because of the prestige of the local men. Sometimes these local men have assigned part of their record holdings to the packer interests.

CORPORATE OR FAMILY INTERESTS OF THE FIVE PACKERS IN OTHER COMPANIES.

Section 5.—Difficulties in ascertaining ownership.

METHODS USED BY THE COMMISSION.—A brief account of the methods used by the Commission in accumulating the data on related companies will aid in explaining the difficulties encountered, as well as throwing light on the controls used by the packers. At the outset, the Commission prepared a schedule to send to all companies engaged in meat packing or slaughtering. This schedule A, a copy of which appears in Exhibit XII, page 508, was designed principally to show who controlled the company to which it was sent, and what other companies, in turn, were controlled by it. In the schedule the Commission asked for the holdings of voting securities, etc., not only by the company, but also by trustees or others for the benefit of the company. These schedules were sent to all concerns in the meat slaughtering business, and somewhat similar schedules were mailed to all stock yards, leather-tanning, and cotton-oil companies.

The returned schedules yielded information upon many companies owned by the Big Five, but in cases where a subsidiary company and not the parent company held the stock of still other subsidiaries, this fact was not brought out. A supplementary schedule was then sent out to many of the companies first schedulized, asking (1) for the names of companies controlled by subsidiary concerns of the company and by subsidiaries of subsidiaries, to the end of the chain; (2) whether the company was itself controlled by another company or companies; (3) whether there was any harmony of action between the company and other companies. A copy of this supplementary schedule also appears in Exhibit XII. The names of the companies shown on the original and supplemental schedules returned by the five large packers gave the Commission a list of the acknowledged subsidiaries. But through field work and through careful scrutiny of the answers furnished by the packers to other questions required in the schedule—for example, financial statements, loans, and borrowings—and through other sources, information was secured indicating that other corporations might be controlled by or affiliated with the Big Five. To these additional companies the schedules were then sent to verify or disprove the indication of control. In most of these cases the schedule used was an abbreviated form of the original schedule. This abbreviated organization schedule is given as part of Exhibit XII.

The prevalent use of dummies also made it impossible to determine from the schedule of a company whether or not it was controlled by the packer interests in cases where the packer families or employees did not appear as stockholders of record. And even if the name of a person identified with the Big Five appeared on the list further information was necessary to determine whether, for instance, it was a personal holding of Louis F. Swift or of a Swift employee or a case where he held the shares in trust for Swift & Co. An inquiry had therefore to be sent out to the individual stockholders of record of hundreds of companies. A copy of this stockholders questionnaire likewise appears in Exhibit XII.

Examples of difficulties.—*Chicago Stock Yards Co. (Maine).*—A case of concealment evidently with the idea of hindering investigations was found when the Commission sought to ascertain the control of the Chicago Stock Yards.

A schedule sent to the Union Stock Yards & Transit Co., which operates the Chicago yards, brought the information that its entire stock is owned by the Chicago Junction Railway and Union Stock Yards Co. (a New Jersey corporation), which company in turn reported a large part of its stock held by the Chicago Stock Yards Co. of Maine. The Maine company's schedule showed its stock all

owned except qualifying shares by Frank R. Pegram, treasurer of company, as trustee. The following self-explanatory telegrams were then exchanged:

NOVEMBER 7, 1917.

FRANK R. PEGRAM,
Treas. Chicago Stock Yards Co.,
Ames Building, No. 1 Court St., Boston, Mass.

Referring to your report Schedule "A," slaughtering and meat packing, the Commission requires immediate transmission to it of names and addresses of owners of common stock for whom you as trustee hold block reported on page 4 schedule.

L. L. BRACKEN,
Secretary, Federal Trade Commission.

BOSTON, MASS., *2.45 p. m., Nov. 8.*

BRACKEN, *Washn., D. C.:*

Answering your telegram just received the stock of Chicago Stock Yards Company held in my name held by me as treasurer of the corporation in capacity of trustee for the holders of bearer warrants my books do not show who hold the bearer warrants which are transferable by delivery.

F. R. PEGRAM,
Treasr. Chicago Stock Yards. Co.

Through investigation by agents of the Commission in Boston, it developed that the $8,000,000 capital stock of the Chicago Stock Yards Co. of Maine was originally issued to dummies in the ordinary form of stock certificates. These certificates were later surrendered to the treasurer of "the Maine Company," who holds them as trustee for the owners, and "Bearer Warrants" were given in exchange. The State Street Trust Co. acts as registrar for the bearer warrants, which are registered by number only, no record being kept by the Trust company of the names of the persons to whom issued or to whom transferred—a device affording apparently the maximum secrecy of ownership.

Kansas City Stock Yards Co.—An example of the necessity of using a questionnaire to stockholders is afforded by the case of the Kansas City Stock Yards Co. Prior to 1912 the Kansas City Stock Yards was operated by independents. In that year a reorganization was perfected which put the Morris interests in control. However, the stock acquired by Morris stood on the books of the Stock Yards Co. in the name of others, so that it was impossible to trace the shares from the stock books direct to the Morris interests. While the Commission has by its questionnaires extracted definite information showing the dominating ownership by the Morris interests, only 26 out of 25,000 voting shares (p. 268) are shown on the books as belonging to either Morris & Co. or the Morris family. This concealment on the records hindered and delayed the Commission in proving ownership.

In the Commission's public hearings at Kansas City, Mo., in March, 1918, it was testified that a considerable part of the correspondence in the files of the Kansas City Stock Yards Co. had been destroyed in January, 1918.

Armstrong Packing Co. (*Central Holding Co.*).—Prior to 1906, J. S. Armstrong was the owner and manager of the Armstrong Packing Co., incorporated with a capital of $500,000, at Dallas, Tex. In 1906 Armstrong, having seen Armour men looking over his plant, apparently to ascertain its value, asked their business and was told that he had better go to Chicago and see J. Ogden Armour. He went to Chicago, and after much discussion sold out directly to Armour for $850,000, slightly over half what his plant was worth on the basis of its then earning capacity. The sale was conducted entirely between Armstrong and J. Ogden Armour personally, without a known letter, telegram, or any writing whatever, and no record of the sale was filed in the county records at Dallas.

The purchase was made with the proviso that Armour & Co. could continue to use Armstrong's name, for which privilege it was to pay $25,000 per annum. Armstrong was to continue nominally as the head of the company and the $25,000 was carried on the pay rolls of the plant as his salary as president. Shortly after Armstrong's return from Chicago, his son-in-law, E. L. Flippen, who had been occupying a subordinate position at $2,400, was made president and drew the $25,000, Armstrong receiving the $2,400. This was done to cover up the transaction. The business continued to be run under the name of Armstrong Packing Co. and as if owned by Armstrong, but the real manager was an Armour man from Chicago, and Armstrong was seldom consulted. F. G. Tongue, the present manager, is also an Armour man, sent to Dallas from Chicago. After the death of Armstrong, in 1908, Flippen's salary was reduced to $5,000.

Continually, since the time of purchase of the plant, Armour & Co. has pretended to compete with the Armstrong company; there is a branch house of Armour & Co. in Dallas, and the Armstrong Packing Co. has its own live-stock buyers in the Fort Worth yards.

In 1908, after Armstrong's death, the stock of the company was put in the name of Flippen. Flippen alleges that this was done under an arrangement with R. J. Dunham, of Armour & Co., by which Flippen was to vote the stock, and control the policy and management of the company, and to have an interest equal to 15 per cent on its then capital. By 1917 the book value had increased to $1,400,000. The capital was $650,000, 5,000 common voting shares and 1,500 nonvoting preferred.

Flippen further alleges that he had made propositions from time to time to acquire the Dunham (Armour) interest in the stock.

According to a copy of an agreement between Dunham and Flippen, dated as of June 30, 1917, it was witnessed that the total shares of the company were sold to Flippen by Dunham for $1,200,000, which sum was to be paid in 60 days. But it was provided that the agreement should be void in case Flippen could not underwrite or sell within the 60 days an issue of $1,200,000 preferred stock of the Armstrong Packing Co.

Flippen alleges that he was unable to underwrite or sell the preferred stock within the time provided, and that he proposed that, in lieu of the cash provided for in the agreement, Dunham accept the $1,200,000 preferred stock of a new corporation, the Central Holding Co. (of Delaware), to be organized by Flippen, who was to hold its common stock of $200,000. This proposal, it is alleged, was accepted and the plan carried out. By this plan the Central Holding Co., it is alleged, acquired the entire capital stock of the Armstrong Packing Co., and in return issued all of its own stock to Flippen and his nominees, who thereupon had the $1,200,000 of preferred stock issued to H. L. Stuart, of Halsey, Stuart & Co., bankers, of Chicago, who reports that he holds them for Dunham, of Armour & Co., who in turn reports that he acts in this matter as agent for J. Ogden Armour. The preferred stock, according to the agreement, is to be retired as fast as possible, but until such be the case all outstanding preferred is to receive dividends at 6 per cent and if any dividend is passed the preferred stock is to assume voting rights until such payment is made.

The schedules which the Commission sent to companies asked for their holdings as of June 30, 1917. The alleged agreement between R. J. Dunham and E. L. Flippen is dated June 30, 1917, and on neither the schedule from the Armstrong Packing Co. nor Armour & Co. was there any mention made as to the ownership by either Armour & Co. or J. O. Armour. However, on the books of Armour & Co. the holding appears in an account called "J. O. Armour Special #2."

At a later date a representative of Armour & Co. requested the Commission through a member of the staff not to make public the ownership of the Armstrong Packing Co. by Armour & Co., for he said the company's ownership of it had been in violation of the antitrust laws of the State of Texas.

Under all the circumstances there is ground for belief that Armour & Co., through the admitted ownership of the preferred stock and through its relations with Flippen, is still in real control of the Armstrong Packing Co.

Section 6.—Table of companies in which the Big Five or members of the families have controlling or minority interests.

PRINCIPLES OF DETERMINING RELATION.—In Table 65 which follows there are listed all the companies in which the five big packing companies, or families, jointly or severally, are known to have a controlling or a substantial interest, whether it be through ascertained stock ownership by the companies or by members of the five families, or through representation on boards of directors by officers, employees, and confidential men. Distinction is made as to companies known to be controlled and those in which the interest is less than control, or in which the extent of interest is not known.

The principle used in determining extent of interest is ownership of beneficial interest in voting stock by the companies or members of the families. In the case of many of the companies listed small additional blocks of voting stock are owned personally by officers not connected with the families, by employees or confidential men of the packers. It might be assumed that stock owned personally by such individuals would be voted in accordance with the wishes of the packers, but in the table it is not counted as packer controlled. In some instances companies listed as "minority" interests of the Big Five would be majority controlled if the stock of such individuals were counted. When officers, employees, or agents were found to be stockholders of record the Commission sometimes did not send them the stockholders' questionnaire to ascertain whether they held as dummies or in their own right. Full inquiry would probably indicate that some of the stock is held for members of the packer families.

Directorates in railroads, banks, and trust companies by packer men are relied on as indicating packer interest, direct or related, where the Commission did not have evidence as to the actual amount of stock held. Certain persons who are directors in Swift & Co. and in Wilson & Co., Inc., and also associated with important New York banks, are directors in a number of large railroad and industrial companies. These companies are excluded from the table, the directorates held by these persons being regarded as representing their general banking connections rather than the packers. Some of these directorships are mentioned, however, in the text.

Proxies voted by the packer interests have been counted in the determination of majority control in the case of a few companies—for example, the Union Stock Yards, of Omaha, Ltd. In each case where the table includes proxies the percentage of control is stated both with and without proxies.

In addition to companies listed in the table there is given on pages 329 to 362 a description of a number of companies more or less definitely within the sphere of influence of the packers. A few companies listed in the table are also discussed with reference to further indications of packer influence than is registered in the lists themselves.

THE L. F. SWIFT LIST OF "OUR COMPANIES."—In the Veeder vaults was found a list of companies prepared by Veeder's office and forwarded to L. F. Swift in response to his request for a list of "our companies." This was of January 1, 1917. The "our companies" list is given in full in Exhibit XIII (p. 520), with correspondence in connection with it.

Many of the companies on the list the Commission had already ascertained to be controlled by Swift & Co. or by the Swift interests. Special inquiry was made of Swift & Co. regarding the remaining companies, and a definite statement was received as to whether Swift & Co. had any interest in them or not; as to other of the companies, information was given to the effect that the Swift family was interested. Regarding the still remaining companies, Swift & Co. advised the Commission that it had referred the matter to the clerk of the Swift family. No response was received by the Commission from that source, however. These residual concerns from the "our companies" list are named in a separate list in the following table, as are a few residual concerns which appear in Henry Veeder's office index of "corporation records," and which are not elsewhere accounted for.

SUBCLASSIFICATION BY KIND OF BUSINESS.—Within the classification of companies as to extent of control is a subgrouping by function or kind of business. The companies are classified according to the principal service they perform, and in part the functions are arranged in a rough order from the ranch to the consumer's table.

A still further classification is made as between domestic and foreign concerns.

THE TABLE.—The companies are divided into several lists. List 1 shows the companies in which two or more of the packers are jointly interested. With but few exceptions all companies included are controlled by the joint ownership of 50 per cent or more of the voting shares. List 2 deals with companies severally controlled by any of the big packer interests by holding 50 per cent or more of the stock. It includes corporations, partnerships, and trade names. On List 3 the Commission has included the companies in which a definitely ascertained minority interest is held singly by the packers. Banks and miscellaneous industrial concerns in which members of packer families, or responsible officials of packer-controlled companies, are officers or directors, but in which the extent

acker-owned stock is not known, are on List 4. List 5 names in other companies included in L. F. Swift's above-mentioned of "our companies," which was secured from the files of Henry ler and upon which data were furnished. In the next list are the residual "our companies" in which stock interest has not been acknowledged by Swift & Co. or Swift interests, though interest has not been denied as to any specific company. List ds some further companies whose records are kept in the "cor- tion records" file of Henry Veeder and not included in any of preceding lists.

TABLE 65.—CORPORATE OR FAMILY INTERESTS OF THE FIVE PACKERS IN OTHER COMPANIES.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested.*

[Arranged by functions or classes of business.]

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.					
				Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total, Big Five.
	Cattle loan companies—Domestic.								
1	Chicago Cattle Loan Co.[1]	Chicago, Ill							(1)
2	Denver Cattle Loan Co	Denver, Colo	$100,000	15		10	*27		†52
3	Drovers Cattle Loan Co	Kansas City, Mo	200,000			44		4	*48
4	Fort Worth Cattle Loan Co	Fort Worth, Tex	100,000	40			*21		†61
5	National Cattle Loan Co., The	National City, Ill	300,000			59	23	3	*85
6	St. Joseph Cattle Loan Co	South St. Joseph, Mo	400,000			19	*34		†53
7	San Francisco Cattle Loan Co	South San Francisco, Calif	100,000			25	31		*56
8	St. Paul Cattle Loan Co	South St. Paul, Minn	350,000	14			*21		†35
	Market publications—Domestic.								
9	National Provisioner, The[2]	New York, N. Y							(2)
10	Oklahoma Daily Live Stock News[3]	Oklahoma City, Okla	10,000						(3)
11	Portland Reporter Publishing Co.[4]	Portland, Oreg	3,310						(4)
12	Record Publishing Co.[5]	Sioux City, Iowa	15,000						(5)
13	Record Stockman Publishing Co	Denver, Colo	30,000	25.0			25.0		50.0
14	Reporter Publishing Co	Fort Worth, Tex	7,500	46.4			42.4		88.8
15	South St. Paul Daily Reporter[6]	South St. Paul, Minn	45,000						(6)
	Terminal railroads and facilities at stockyards—Domestic.								
16	Kansas City Connecting Railway Co.[7]	Kansas City, Mo							(7)†
17	St. Joseph Belt Railway Co.[8]	South St. Joseph, Mo	400,000						(8)
18	St. Paul Bridge & Terminal Railway Co.[9]	South St. Paul, Minn	2,000						(9)
19	Sioux City Terminal Railway Co.[10]	Sioux City, Iowa	200,000						(10)
20	South San Francisco Belt Railway[11]	San Francisco, Cal	50,000						(11)*

* Family interests.

† Company and family interests.

1 Affiliated with Live Stock Exchange National Bank (No. 48).

2 Controlled through joint subsidy of $3,000 annually. See Summary of Report, p. 40; also p. 240.

3 25 per cent of stock owned by the Oklahoma National Stock Yards Co. (No. 32), in which the Morris and Wilson families own 82 per cent.

4 100 per cent of stock owned by the Portland Union Stock Yards Co. (No. 33), in which Swift and Morris interests own 85 per cent.

5 100 per cent owned by Sioux City Stock Yards Co. (No. 37), in which the Swift, Armour, and Cudahy interests own 78 per cent.

6 40 per cent of stock owned by St. Paul Union Stock Yards Co. (No. 36), in which Swift and Armour own 63 per cent.

7 100 per cent owned by the Kansas City Stock Yards Co. (No. 30), in which Big Five interests and trusted employees own 51 per cent.

8 100 per cent owned by St. Joseph Stock Yards Co. (No. 34), in which Swift and Morris own 84 per cent.

9 100 per cent owned by St. Paul Union Stock Yards Co. (No. 36), in which Swift and Armour own 63 per cent.

10 100 per cent owned by Sioux City Stock Yards Co. (No. 37), in which Swift, Armour, and Cudahy own 78 per cent.

11 100 per cent owned by South San Francisco Land & Improvement Co. (No. 108), in which Big Five family interests own 60 per cent.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Directors. Armour.	Cudahy.	Morris.	Swift.	Wilson.
	Railroads—Domestic.[1]							
21	Chicago & Alton Railroad Co.			L. C. Krauthoff				V. D. Skipworth.
22	Fort Worth Belt Railway			G. B. Robbins A. B. Case			A. R. Fay J. B. Googins	

[1] In case of railroads the companies listed are those in which officers or employees of the Big Five companies are shown as directors by the latest published manuals. The Commission is not informed as to the percentage of stock owned by the packing companies or members of the families in these railroads.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned. Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total, Big Five.
	Stock Yards—Domestic.								
23	Bourbon Stock Yards Co.	Louisville, Ky.	$1,300,000	13			[1] † 13		† 26
24	Brighton Stock Yards Co.	Brighton, Mass.	10,000			35	[2] 61		* 96
(3)									
26	Denver Union Stock Yard Co.	Denver, Colo.	1,500,000	50			[4] 50		100
27	Fort Worth Stock Yards Co.	North Fort Worth, Tex.	2,750,000	34			[5] 33		[6] 67
28	Independent Stock Yards Co.[7]	St. Louis, Mo.	10,000						* (7)
29	Jersey City Stock Yards Co.	Jersey City, N. J.	500,000	[8] 69.5			18		[8] 87.5
30	Kansas City Stock Yards Co.	Kansas City, Mo.	2,500,000	* 2	* 2	[9] 45.8	* .2	* 1.4	[10] † 51.4
31	New York Stock Yards Co.	New York City, N. Y.	500,000			92		5	* 97
32	Oklahoma National Stock Yards Co.	Oklahoma City, Okla.	1,000,000			52		30	[11] * 82
33	Portland Union Stock Yards Co.	North Portland, Oreg.	150,000			9	† 76		[12] † 85
34	St. Joseph Stock Yards Co.	South St. Joseph, Mo.	2,500,000			30	[13] 53		83
35	St. Louis National Stock Yards	National City, Ill.	4,300,000	[14] 19.2		35	27.8	.4	[14] 82.4
36	St. Paul Union Stock Yards Co.	South St. Paul, Minn.	2,500,000	24			39		63
37	Sioux City Stock Yards Co.	Sioux City, Iowa.	2,848,300	14	5		[15] 59		78

38	South San Francisco Union Stock Yards Co.[18]	South San Francisco, Calif.	281,000						(18) *
39	Toronto Stock Yards Co.	Toronto, Ontario.	1,293,100	12.5					25
40	Union Stock Yards Co. of Omaha (Ltd.)	Omaha, Nebr.	7,496,300	[17] 34.4	16.1	12.5	2.3		[19] * 36.8
41	Yankton Stock Yards [20]	Yankton, S. Dak.	24,200		9				(20)

* Family interests.

† Company and family interests.

1 Including $5,000, or 0.39 per cent, owned by New England Dressed Meat & Wool Co. (No. 155), in which the Swift family owns 53 per cent. The balance, $160,000, or 12.30 per cent, is held for Swift & Co. pension fund.

2 Including $3,400, or 34 per cent, owned by New England Dressed Meat & Wool Co. (No. 155).

3 No. 25 has been changed to No. 147a.

4 Held by Swift & Co. pension fund.

5 29.36 per cent held for the benefit of Swift & Co.'s pension fund and 3.64 per cent for the benefit of Swift & Co.'s Employees' Benefit Association.

6 Excluding trusted employees, 2 per cent, which would make a total of 60 per cent.

7 96 per cent owned by St. Louis National Stock Yards Co. (No. 35).

8 Including interests of Allerton family, which are 10 per cent, but excluding trusted employees, 4 per cent, which would make 73.5 per cent for Armour and a total of 91.5 per cent.

9 Includes 3.16 per cent owned by trusted employees.

10 Excluding proxies for 4,135 shares that would increase the total to over 67 per cent.

11 Excluding trusted employees, 3 per cent, which would make a total of 85 per cent.

12 Excluding 100 shares, or 7 per cent, owned by W. H. Daughtrey, president and manager of the Portland Union Stock Yards Co., which would give a total of 92 per cent.

13 Including less than 1 per cent owned by members of the Swift family.

14 Including interest of Allerton family, which is 12 per cent.

15 Common and preferred stock owned by Swift & Co. pension fund, by Swift & Co.'s Employees' Benefit Association, and by John P. Squire & Co. (No. 161).

16 100 per cent owned by Western Meat Co. (No. 69), in which Big Five family interests own 79 per cent.

17 Including Allerton interest, which is 6.6 per cent.

18 Cudahy Packing Co. owns $4,500, or 45 shares.

19 Excluding proxies for 20,882 shares, or 28 per cent, which would increase the total to 65 per cent.

20 83 per cent owned by the Sioux City Stock Yards Co. (No. 37), in which Armour, Swift, and Morris own 78 per cent.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

[Directors here listed are members of packing families or trusted officers or employees of the packing companies or of subsidiary or "family" companies. The Commission in most cases is not advised as to stock ownership by members of the families (indicated by *), except record holdings in Chicago banks. Stockholders questionaires might have disclosed additional stock held for members of the packing families by dummies.]

No.	Class of business and company.	Address.	Resources.	Directors.				
				Armour.	Cudahy.	Morris.	Swift.	Wilson.
	Banks—Domestic.							
42	Continental & Commercial National	Chicago, Ill	$331,423,860	R. J. Dunham, J. O. Armour; stock ownership, 7 per cent.*	E. A. Cudahy			
43	National Bank of the Republic	do	40,097,740		J. M. Cudahy	Stock ownership, 1½ per cent.*	L. F. Swift; stock ownership, 2 per cent.*	
44	First National Bank (see also p. 359)	do	239,507,020	Stock ownership, 5 per cent.[1] *		Nelson Morris; stock ownership, 7 per cent.[4]		T. E. Wilson.
45	South Side State[3]	do	3,942,230	G. B. Robbins			A. R. Fay; stock ownership, 2 per cent.*	
46	Peoples Stock Yards State	do	9,985,170	Arthur Meeker		C. M. Macfarlane, Edward Morris; stock ownership, 29 per cent.[4]	Stock ownership, 2 per cent.*	
47	Stockmen's Trust & Savings[3]	do	1,791,950	J. E. O'Hern				H. B. DuPlan.
48	Livestock Exchange National	do	29,089,320	F. E. White; stock ownership, 4 per cent.*		Stock ownership, 14 per cent.[4]	E. F. Swift; stock ownership, 5 per cent.*	T. E. Wilson.
49	Stock Yards Savings	do	5,168,610	Arthur Meeker; stock ownership, 10 per cent.*		Edward Morris; C. M. Macfarlane; stock ownership, 24 per cent*.	L. F. Swift, stock ownership 6 per cent.*	
50	First Trust & Savings (see also p. 359)	do	83,225,450	Stock ownership, 5 per cent.[1]*		Nelson Morris; stock ownership, 7 per cent.*		T. E. Wilson.
51	Central Manufacturing District Bank.[4]	do	4,860,890	Arthur Meeker			Stock ownership, 2 per cent.*	
52	Illinois Trust & Savings	do	127,675,000	Stock ownership, 2 per cent.*			E. F. Swift; stock ownership, 2 per cent.*	

53	National Stock Yards National	East St. Louis, Ill.	17,475,000			Nelson Morris: stock ownership, 50 per cent.*	Stock ownership, 28 per cent.*	Stock ownership, 2, per cent.*
54	Stock Yards National	South St. Paul, Minn.	7,280,540	Stock ownership, 25 per cent.			J. S. Bangs	
55	Livestock National Bank of South Omaha.	Omaha, Nebr	10,300,000			L. H. Heymann	H. O. Edwards	
56	Stock Yards National Bank of South Omaha.	....do	15,439,810	R. J. Dunham, R. C. Howe, E. Buckingham.	E. A. Cudahy, E. A. Cudahy, jr.			
57	Drovers National	Kansas City, Mo	14,175,000			Nelson Morris	J. H. Rich	
58	Interstate National [5]	....do	18,697,350	C. W. Armour				
59	St. Joseph Stock Yards Bank	St. Joseph, Mo	5,900,000			Stock ownership, 21 per cent.	A. B. Swift, I. A. Vant.	
60	Oklahoma Stock Yards National	Oklahoma City, Okla.	3,306,470			E. F. Bisbee		W. H. Garside.
61	Stock Yards National Bank	Fort Worth, Tex.	5,356,000	R. J. Dunham, A. B. Case; stock ownership, 40 per cent.			J. B. Goggins, H. A. Chatham.	
62	Denver Stock Yards	Denver, Colo	2,814,930	C. A. Gebhard; stock ownership, 20 per cent.		Stock ownership, 10 per cent.	J. Brennan	
63	Livestock State	North Portland, Oreg.	1,875,000	Stock ownership, 20 per cent.			C. B. Swift, C. C. Colt.	
	Total resources		$979,237,340					

* Family interests.

[1] Including 4 per cent owned by Allerton family.

[2] 10 per cent of the stock stands in name of Robbins, 2 per cent in name of Edward F. Swift, and 11 per cent in the name of A. R. Fay and other members of the Swift-Tilden group. See p. 354.

[3] The stock records show one-half of 1 per cent in name of O'Hern, general superintendent of Armour & Co., and the same per cent in the name of DuPlan, a Wilson cattle buyer. David Moog, a Wilson district manager at Kansas City, has 1½ per cent.

[4] Arthur Meeker, vice president of Armour & Co., holds 100 shares (4 per cent), and is a director in this bank. Associates of the Chicago stockyards companies (F. H. Prince J. A. Spoor, and H. E. Poronto) are among the largest individual stockholders, holding in all 375 shares (15 per cent). In addition, E. V. R. Thayer, H. E. Leonard, and Silas H. Strawn, who are also officers of the yards companies, own 110 shares (4.4 per cent). These holdings together with the Swift family holdings, make a total of 535 shares, or 21.4 per cent.

[5] 4 per cent owned by Kansas City Stock Yards Co. (No. 30), in which joint family interests and employees own 51 per cent. The Interstate Cattle Loan Co., of Kansas City, is affiliated with the Interstate National Bank.

List 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned. Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total, Big Five.
	Slaughtering companies.								
	Domestic:								
64	Nevada Packing Co.[1]	Reno, Nev.	$353,400						(1)*
65	Oakland Meat & Packing Co.[1]	Oakland, Calif.	500,000						(1)*
66	Peerless Packing Co.[2]	Chicago, Ill.	50,000						(2)*
67	Union Meat Co.	Portland, Oreg.	1,687,500				80		[3] *100
68	Universal Serum Co.	East St. Louis, Ill.	30,000			56		13	*69
69	Western Meat Co.	San Francisco, Calif.	2,000,000	2.6	0.2	29.9	[4] 44.5	1.5	*78.7
	Foreign:								
70	Sociedad Anónima La Blanca	Buenos Aires	4,500,000	[5] 50.0		[6] 50.0			100
71	Central Products Co.[7]	Paraguay[8]	816,300						(7)
	Packers' machinery and supplies—Domestic.								
72	Independent Salt Co.	Kanapolis, Kans.	100,000	50.0			50.0		100
73	Mechanical Manufacturing Co., The	Chicago, Ill.	57,500			6	55		*61
74	National Box Co.	do.	500,000			54.9	*45.0		†99.9
75	Shavings & Sawdust Co.[9]	do.	150,000						(9)†
76	Southwestern Mechanical Co.	Fort Worth, Tex.	150,000	50.0			50.0		100
	Cotton-oil companies—Domestic.								
77	Bencini Cotton Oil Mills (Not Inc.)	Fort Worth, Tex.	[10] 9,000			27	[11] 53		[11] *80
78	Rotan Cotton Oil Co.[12]	Fort Worth and Rotan, Tex.	50,000						*(12)
	Creameries and cheese factories—Domestic.								
79	White & Co., Sherman	Fort Wayne, Ind.	123,700			52		*2	†54
	Cold storage and warehousing—Domestic.								
79A	Consumers Ice Co.	Albany, N. Y.	10,000			7	3		10
80	Fort Wayne Pure Ice Co.[13]	Fort Wayne, Ind.	7,000						(13)
81	Midland Warehouse & Transfer Co.	Chicago, Ill.	200,000	*7		*12	18		†37
	Rendering companies.								
	Domestic:								
82	Canal Melting Co.[14]	Chicago, Ill.	15,000						(14)*
83	Darling & Co.	do.	400,000	7		[15] 55			*62
84	East St. Louis Rendering Co.	East St. Louis, Ill.	240,000			74.8	25.0		*99.8

85	Globe Rendering Co., The	Chicago, Ill	2,000,000			57.5	12.5	2.5	†73.1
86	Holste Grease & Tallow Co.[16]	St. Louis, Mo	20,000						([16])*
87	Indiana Reduction Co.	do	100,000			15		7.5	*22.5
88	Iowa Rendering Co.	Sioux City, Iowa	25,000	25	*23		*25		†73
89	Products Manufacturing Co.	New York, N. Y	500,000	4		[17] 20		3	[17] *36
90	Standard Rendering Co.	Kansas City	1,000,000		5	*61	*8	†17	†91
91	Union Rendering Co.	Denver, Colo	40,000	50.0			50		100
92	Union Rendering & Refining Co.	Omaha, Nebr	100,000	*8	*15	*20	†34		†77
93	Van Iderstine Co.	Long Island City, N. Y	825,000	6		58		4	*68
	Foreign:								
94	National Oil & Hide Co. (Ltd.)	London, England	£10,000			†50.0	50.0		†100

* Family interests.

† Company and family interests.

1 100 per cent owned by Western Meat Co. (No. 69).

2 100 per cent owned by Darling & Co. (No. 83), in which the Morris family owns 54.6 per cent and J. O. Armour 7.5 per cent.

3 20 per cent of the stock held by Western Meat Co. (No. 69) in the name of Edw. F. Swift. In March, 1919, the estate of G. F. Swift secured the balance of the stock necessary to complete 100 per cent ownership, and sold the entire stock to Swift & Co. See p. 279.

4 Adding Swift trusted employees the Swift interest would be increased to 48.1 per cent and including proxies, not elsewhere counted, it would be 52.9 per cent. The proxies thus counted, amounting to 4.8 per cent, are proxies of stockholders, whose shares were voted by proxy March, 1918, their shares being taken on the basis of their stockholdings as of Dec. 27, 1918. Proxies voted by E. B. Shugert, secretary and treasurer of Western Meat Co. See p. 277, regarding L. F. Swift's control of policy.

5 Capital stock formerly 15,000 shares (par $100). In June, 1918, Armour & Co. reported as follows: "One-half of the capital stock of this company, or 7,500 shares, was forwarded in November, 1917, to be and we believe has been exchanged for shares in Compania Financiera e Industrial. (No. 613). Exact information not available."

6 Held by the Morris Beef Co. (Ltd.), (No. 507), in which Morris & Co. own 100 per cent.

7 Owned by International Products Co., in which members of Big Five have a minority interest. (See No. 114.)

8 Incorporated in Delaware; principal business office in New York City.

9 11 per cent owned by the National Box Co. (No. 74).

10 Ownership certificates.

11 The entire ownership was secured by L. F. Swift in 1918, and transferred by him to the Consumers Cotton Oil Mills (Not Inc.) (No. 247), which is 100 per cent owned by Swift & Co. See p. 220.

12 60 per cent owned by the Bencini Cotton Oil Mills (Not Inc.) (No. 77).

13 50 per cent of the stock owned by Sherman White & Co. (No. 79).

14 100 per cent owned by Globe Rendering Co. (No. 85).

15 C. A. Alling, closely identified with Morris interests, owns 22.5 per cent of the stock, which would make a total of 77 per cent for Morris and 85 per cent for the Big Five.

16 100 per cent owned by the Indiana Reduction Co. (No. 87).

17 C. A. Alling, closely identified with Morris interests, also owns 16 per cent of the stock, which would make a total of 52 per cent. Darling & Co. (No. 83), which is controlled by Morris interests, has a small holding (0.36 per cent) in the Products Manufacturing Co.

List 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned. Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total Big Five.
	Land development companies—Domestic.								
95	Chicago Transfer & Clearing Co.	Chicago, Ill.	$3,000,000	[1] *1.7			.7		†2.4
96	Kenwood Land Co.	Portland, Oreg.	160,000	17		6.	20		[2] 53
97	North Fort Worth Town Site Co.	North Fort Worth, Texas.	500,000	33			*35		†68
98	North Kansas City Development Co.	North Kansas City, Mo.	100,000	32.5			*32.2		†64.7
99	North Kansas City Land & Improvement Association.	do.	90,000	33			*33		†66
100	Parkside Land Co.	do.	150,000	33.3			*33.3		†66.6
101	Peninsular Industrial Co.	Portland, Oreg.	500,000	32.08		10.56	*57.26		[3] †99.9
102	South Oklahoma Town Co.	Oklahoma City, Okla.	1,000,000			29		5	[4] *34
103	South San Francisco Land & Improvement Co.	San Francisco, Calif.	1,900,000	5.3	.3	24.5	36.4	1.5	*68
	Service companies—Domestic.								
104	Kenton Traction Co.	North Portland, Oreg.	20,000	24		8	28		[5] 60
105	North Kansas City Light, Heat & Power Co.[6]	Kansas City, Mo.	50,000						([6])
106	North Kansas City Water Co.[6]	do.	50,000						([6])
107	Sioux City Service Co.	Sioux City, Iowa.	2,000,000	[7] 32			41		* 73
108	Sioux City Traction Co.[8]	do.	25,000						([8])*
109	South San Francisco Water Co.[9]	San Francisco, Calif.	150,000						([9])*
110	South Sioux City Traction Co.[6]	Sioux City, Iowa.	50,000						([6])*
111	Stephenville Light Plant[10]	Stephenville, Tex.							([10])*
	Miscellaneous companies—Domestic.								
112	Commonwealth Audit Co.	Chicago, Ill.	25,000			[11] 30		[12] 8	[13] *38
113	Francis Printing Co.	do.	3,000						([14])*
114	International Products Co.[15]	New York, N. Y.	[20] 80,647	12				[16] 7	[15] 19
115	Iowa Horse Commission Co.[17]	Sioux City, Iowa.	30,000						([17])
116	Schloeman & Co., E. H.[18]	do.	30,000						([17])
117	South St. Paul Sand & Gravel Co.[19]	South St. Paul, Minn.							([19])

* [illegible] interests.
† Company and family interests.
1 Includes 0.67 per cent owned by the Allerton family.
2 10 per cent held by the Western Meat Co. (No. 69), in which Big Five family interests own 79 per cent.
3 All but directors' qualifying shares.
4 In addition 50 per cent of the stock is held by Thos. E. Wilson, Joseph P. Grabfield, and George H. Olney, as voting trustees. Joseph P. Grabfield is sales manager of Morris & Co. and George H. Olney is secretary of the International Products Co. (No. 114).
5 From incomplete returns of later date Armour's 24 per cent and probably Morris's 8 per cent have been assigned in blank and delivered to the estate of G. F. Swift, which also holds an additional 15 per cent in the name of Edward F. Swift, which would make the present apparent holdings of the G. F. Swift estate $15,000, or 75 per cent.
6 100 per cent owned by North Kansas City Development Co. (No. 96), in which Armour and Swift interests own 65 per cent.
7 Including 12.66 per cent owned by the estate of P. A. Valentine.
8 100 per cent owned by Sioux City Service Co. (No. 107), in which the Armour and Swift families own 73 per cent.
9 100 per cent owned by the South San Francisco Land & Improvement Co. (No. 108), in which Big Five family interests own 66 per cent.
10 Unincorporated branch of Bencini Cotton Oil Mills (Not Inc.) (No. 77).
11 In addition, trusted employees of Morris & Co., and their families own 14 per cent, which would make a total of 44 per cent.
12 In addition, trusted employees of Wilson & Co., Inc., own 4 per cent, which would make a total of 12 per cent.
13 Excluding the 42 per cent held by officers of the Chicago Stock Yards, which, with holdings of trusted employees, would make a total of 98 per cent, see p. 280.
14 60 per cent owned by Darling & Co. (No. 83), in which the Morris and Armour families own 62 per cent and C. A. Alling 22.5 per cent.
15 Holding company owning Central Products Co., a slaughtering and packing company in Paraguay. (No. 71.) The American International Corporation (in which J. Ogden Armour is an important stockholder) holds a minority of stock of the International Products Co. (See also p. 342.)
16 Owned by G. F. Sulzberger, who was one of the controlling stockholders in Sulzberger & Sons Co., to which Wilson & Co., Inc., is successor, and who is still a considerable stockholder in Wilson & Co., Inc., with a representative on its board of directors.
17 100 per cent owned by the Sioux City Stock Yards Co. (No. 87), in which Swift, Armour, and Cudahy own 79 per cent.
18 E. H. Schloeman & Co. is being liquidated and the business taken over by Iowa Horse Commission Co. (No. 115.)
19 Department of St. Paul Union Stock Yards Co. (No. 86), in which Swift and Armour own 63 per cent.
20 Shares without par value.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 cent or more of the voting stock.*

[Arranged by functions or classes of business.]

No.	Class of business and company.	Address.	Voting stock.	Per of v st ow
	Cattle ranches—Domestic.			
	Swift:			
118	Eastern Oregon Live Stock Co. (140,000 acres)	Harney County, Oreg		
	Cattle loan companies—Domestic.			
	Wilson:			
119	Southwest Cattle Loan Co	Los Angeles, Calif	$100,000	
	Publications—Domestic.			
	Armour:			
120	Market Review Publishing Co	Pittsburgh, Pa	20,000	(
	Swift:			
121	St. Joseph Journal Publishing Co	St. Joseph, Mo	6,000	
	Live stock transportation companies—Domestic.			
	Swift:			
122	Swift Live Stock Transportation Co	Chicago, Ill	50,000	
	Stockyards—Domestic.			
	Armour:			
123	Dallas Union Stock Yards Co	Dallas, Tex	16,000	(
124	Hamilton Stock Yards Co	Hamilton, Ontario	50,000	
125	Interstate Stock Yards Co	Jacksonville, Fla	25,000	
126	Pittsburg Union Stock Yards Co	Pittsburgh, Pa	1,200,000	
	Morris:			
127	El Paso Union Stock Yards Co	El Paso, Tex	100,000	
....	Crescent City Stock Yards & Slaughter House Co.	Arabi, La	(See No. 147	
	Swift:			
128	Milwaukee Stock Yards Co	Milwaukee, Wis	200,000	
129	Newark Stock Yards	Kearny, N. J	50,000	
	Wilson:			
130	Central Union Stock Yards Co	Jersey City, N. J	601,000	
131	Connellsville Stock Yards Co	Connellsville, Pa	150,000	
132	Nebraska City Union Stock Yards Co. (Del.)	Nebraska City, Nebr	40,000	(

* Family interests.
† Company and family interest.
[1] 60 per cent owned by the Pittsburg Union Stock Yards Co. (No. 126).
[2] Entire stock owned by the Armstrong Packing Co. (No. 136), which is owned by the Central H Co. (No. 583), in which the Armour-Flippen interests own 100 per cent. See p. 285.
[3] Armour-Allerton interests, Armour & Co. owning 38 per cent and the Allerton family 58 per cen addition 100 shares, or 0.83 per cent, is owned by the Pittsburg Provision & Packing Co. (No. 14 which Armour-Allerton interests own 96 per cent.
[4] Excluding trusted employees 14 per cent, which would make a total of 76 per cent.
[5] 100 per cent owned by Morton-Gregson Co., Del. (No. 170), in which Wilson & Co., Inc., owns 1 cent.

No.	Name of company.	Address.	Resources.	Voting stock.	Per of v st ow
	Banks—Domestic.				
	Morris:				
133	Mid City Trust & Savings	Chicago, Ill	$6,930,480	$500,000	
134	West Side Trust & Savings	do	7,376,340	400,000	
	Total resources		14,306,820		

* Family interests.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Slaughtering companies [1]***—Domestic.***			
	Armour:			
135	Armour & Co. of Texas	Fort Worth, Tex	$1,000,000	100
136	Armstrong Packing Co	Dallas, Tex	500,000	(2)
137	Colorado Packing & Provision Co	Denver, Colo	1,500,000	100
138	Fowler Packing Co	Kansas City, Kans	2,000,000	100
139	Fowler Serum Co	Kansas City and Fort Worth, Tex.	Trade name of Fowler Packing Co.[3]	
140	Hammond Packing Co	South St. Joseph, Mo	2,500,000	100
141	New York Butchers Dressed Meat Co	New York City	2,000,000	100
142	Pittsburg Provision & Packing Co	Pittsburgh, Pa	600,000	[4] 96
143	Ruddy Bros.[5]	Kansas City, Kans	100,000 / Trade name of Armour & Co.	100
144	Stanton Co., E. H	Spokane, Wash	600,000	100
145	Wabash Packing Co	Indianapolis, Ind	100,000	100
	Cudahy:			
146	Cudahy Packing Co. of Nebraska	Salt Lake City, Utah	100,000	100
147	Nagle Packing Co	Jersey City, N. J	500,000	[6] 55
	Morris:			
147a	Crescent City Stock Yards & Slaughter House Co.	Arabi, La	500,000	[7][10] 66.5
148	Stern Sons, Joseph (Inc.)	New York City	1,500,000	100
	Swift:			
149	Andalusia Packing Co	Andalusia, Ala	133,250	100
150	Bangor Abattoir	Bangor, Me	Trade name of Consolidated Rendering Co.[8]	
151	Bimbler Co	Newark, N. J	25.000	100
152	Hammond Co., G. H	Chicago, Ill	4,500.000	100
153	Harrington & Co., J. J. Inc	New York City	500.000	[9] 100
154	Learnard Co., S. S	Boston, Mass	80.000	[10] 51
155	New England Dressed Meat & Wool Co	Boston, Mass	1.000.000	* 53
156	North Packing & Provision Co	do	3,000.000	* 77
157	Omaha Packing Co	Chicago, Ill	500.000	100
158	Plankinton Packing Co	Milwaukee, Wis	2.000.000	100
159	Portland Abattoir	Portland, Me	Trade name of Consolidated Rendering Co.[8] *	
160	Sperry & Barnes Co., The	New Haven, Conn	800.000	* 85
161	Squire & Co., John P. (Maine)	Cambridge, Mass	3,000.000	* 93
162	Springfield Provision Co	Chicopee, Mass	800.000	* 75
163	Sturtevant & Haley Beef & Supply Co	Somerville, Mass	100.000	100
164	United Dressed Beef Co. (of New York)	New York City	2,000,000	100
165	Van Wagenen & Schickhaus Co	Newark, N. J	200,000	100
166	Western Packing Co	Denver, Colo	50,000	100
167	White, Pevey & Dexter Co	Worcester, Mass	500,000	* 93
	Wilson:			
168	Albert Lea Packing Co. (Inc.)	Albert Lea, Minn	51.000	100
169	Mississippi Packing Co. (Inc.)	Natchez, Miss	170,000	100
170	Morton-Gregson Co. (Delaware.)	Chicago, Ill	150.000	100
171	Reymann Co., Paul O	Wheeling, W. Va	150,000	100
172	Sinclair & Co., T. M. (Ltd.)	Cedar Rapids, Iowa	400,000	(11)
173	South Dakota Provision Co	Sioux Falls, S. Dak	100.000	100
174	Standard Provision Co.[12]	Chicago, Ill	151.000	100
175	Wilson & Co., Inc. (of California)	Los Angeles, Cal	800.000	100
176	Wilson & Co., Inc. (of Oklahoma)	Oklahoma City, Okla	1,800.000	100

* Family interests.

[1] For certain slaughtering companies controlled through leases see p. 333.

[2] See p. 285. 100 per cent owned by Central Holding Co. (No. 577), in which the Armour-Flippen interests own 100 per cent.

[3] Fowler Packing Co. (No. 138) is 100 per cent owned by Armour & Co.

[4] Armour-Allerton interests, Armour & Co. owning 38 per cent and the Allerton family 58 per cent.

[5] Inactive.

[6] In addition, $150,000 stock owned by M. H. Nagle, president of company, is pledged to Cudahy Packing Co. as collateral for loan.

[7] Excluding trusted employees' 17 per cent, which would make a total of 83.5 per cent.

[8] Consolidated Rendering Co. (No. 369) is 77 per cent owned by the Swift family.

[9] Owned by United Dressed Beef Co. (No. 164).

[10] 51 per cent controlled by Consolidated Rendering Co. (No. 369),.

[11] All the common stock except 7 directors' qualifying shares owned by the Central Products Corporation (No. 606), in which Wilson & Co., Inc., owns 100 per cent.

[12] Not yet in operation.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Directors. Armour.	Cudahy.	Morris.	Swift.	Wilson.
	Railroads—Domestic.[1]							
21	Chicago & Alton Railroad Co.			L. C. Krauthoff				V. D. Skipworth.
22	Fort Worth Belt Railway			G. B. Robbins A. B. Case			A. R. Fay J. B. Goggins	

[1] In case of railroads the companies listed are those in which officers or employees of the Big Five companies are shown as directors by the latest published manuals. The Commission is not informed as to the percentage of stock owned by the packing companies or members of the families in these railroads.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned. Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total, Big Five.
	Stock Yards—Domestic.								
23	Bourbon Stock Yards Co.	Louisville, Ky.	$1,300,000	13			[1] † 13		† 26
24	Brighton Stock Yards Co.	Brighton, Mass.	10,000			35	[2] 61		* 96
([3])									
26	Denver Union Stock Yard Co.	Denver, Colo.	1,500,000	50			[4] 50		100
27	Fort Worth Stock Yards Co.	North Fort Worth, Tex.	2,750,000	34			[5] 33		* 67
28	Independent Stock Yards Co.[1]	St. Louis, Mo.	10,000						* ([7])
29	Jersey City Stock Yards Co.	Jersey City, N. J.	500,000	[8] 69.5			18		[9] 87.5
30	Kansas City Stock Yards Co.	Kansas City, Mo.	2,500,000	* 2	* 2	[9] 45.6	* .2	* 1.4	[10] † 51.4
31	New York Stock Yards Co.	New York City, N. Y.	500,000			92		5	* 97
32	Oklahoma National Stock Yards Co.	Oklahoma City, Okla.	1,000,000			52		30	[11] * 82
33	Portland Union Stock Yards Co.	North Portland, Oreg.	150,000			9	† .6		[12] † 85
34	St. Joseph Stock Yards Co.	South St. Joseph, Mo.	2,500,000			30	[13] 53		83
35	St. Louis National Stock Yards	National City, Ill.	4,300,000	[14] 19.2		35	27.8	.4	[14] 82.4
36	St. Paul Union Stock Yards Co.	South St. Paul, Minn.	2,500,000	24			39		63
37	Sioux City Stock Yards Co.	Sioux City, Iowa	2,848,300	14	5		[15] 59		78

38	South San Francisco Union Stock Yards Co.[16]	South San Francisco, Calif.	231,000						(16) *
39	Toronto Stock Yards Co.	Toronto, Ontario.	1,293,100	12.5		12.5			25
40	Union Stock Yards Co. of Omaha (Ltd.)	Omaha, Nebr.	7,496,300	[17] 34.4	[18] .1		2.3		[19] * 36.8
41	Yankton Stock Yards [20]	Yankton, S. Dak.	24,200						(20)

* Family interests.

† Company and family interests.

1 Including $5,000, or 0.39 per cent, owned by New England Dressed Meat & Wool Co. (No. 155), in which the Swift family owns 53 per cent. The balance, $160,000, or 12.30 per cent, is held for Swift & Co. pension fund.

2 Including $3,400, or 34 per cent, owned by New England Dressed Meat & Wool Co. (No. 155).

3 No. 25 has been changed to No. 147a.

4 Held by Swift & Co. pension fund.

5 29.36 per cent held for the benefit of Swift & Co.'s pension fund and 3.64 per cent for the benefit of Swift & Co.'s Employees' Benefit Association.

6 Excluding trusted employees, 2 per cent, which would make a total of 69 per cent.

7 96 per cent owned by St. Louis National Stock Yards Co. (No. 35).

8 Including interests of Allerton family, which are 10 per cent, but excluding trusted employees, 4 per cent, which would make 73.5 per cent for Armour and a total of 91.5 per cent.

9 Includes 3.16 per cent owned by trusted employees.

10 Excluding proxies for 4,135 shares that would increase the total to over 67 per cent.

11 Excluding trusted employees, 3 per cent, which would make a total of 85 per cent.

12 Excluding 100 shares, or 7 per cent, owned by W. H. Daughtrey, president and manager of the Portland Union Stock Yards Co., which would give a total of 93 per cent.

13 Including less than 1 per cent owned by members of the Swift family.

14 Including interest of Allerton family, which is 12 per cent.

15 Common and preferred stock owned by Swift & Co. pension fund, by Swift & Co.'s Employees' Benefit Association, and by John P. Squire & Co. (No. 161).

16 100 per cent owned by Western Meat Co. (No. 69), in which Big Five family interests own 79 per cent.

17 Including Allerton interest, which is 6.6 per cent.

18 Cudahy Packing Co. owns $4,500, or 45 shares.

19 Excluding proxies for 20,862 shares, or 28 per cent, which would increase the total to 65 per cent.

20 83 per cent owned by the Sioux City Stock Yards Co. (No. 37), in which Armour, Swift, and Morris own 78 per cent.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

[Directors here listed are members of packing families or trusted officers or employees of the packing companies or of subsidiary or "family" companies. The Commission in most cases is not advised as to stock ownership by members of the families (indicated by *), except record holdings in Chicago banks. Stockholders questionaires might have disclosed additional stock held for members of the packing families by dummies.]

No.	Class of business and company.	Address.	Resources.	Directors. Armour.	Directors. Cudahy.	Directors. Morris.	Directors. Swift.	Directors. Wilson.
	Banks—Domestic.							
42	Continental & Commercial National	Chicago, Ill	$331,423,860	R. J. Dunham, J. O. Armour; stock ownership, 7 per cent.*	E. A. Cudahy			
43	National Bank of the Republic	do	40,097,740		J. M. Cudahy	Stock ownership, 1½ per cent.*	L. F. Swift; stock ownership, 2 per cent.*	
44	First National Bank (see also p. 359)	do	239,507,020	Stock ownership, 5 per cent.[1] *		Nelson Morris; stock ownership, 7 per cent.[4]		T. E. Wilson.
45	South Side State[2]	do	3,942,230	G. B. Robbins			A. R. Fay; stock ownership, 2 per cent.*	
46	Peoples Stock Yards State	do	9,985,170	Arthur Meeker		C. M. Macfarlane, Edward Morris; stock ownership, 29 per cent.[4]	Stock ownership, 2 per cent.*	
47	Stockmen's Trust & Savings[3]	do	1,791,950	J. E. O'Hern				H. B. DuPlan.
48	Livestock Exchange National	do	29,089,320	F. E. White; stock ownership, 4 per cent.*		Stock ownership, 14 per cent.[4]	E. F. Swift; stock ownership, 5 per cent.*	T. E. Wilson.
49	Stock Yards Savings	do	5,168,610	Arthur Meeker; stock ownership, 10 per cent.*		Edward Morris; C. M. Macfarlane; stock ownership, 24 per cent*.	L. F. Swift, stock ownership 6 per cent.*	
50	First Trust & Savings (see also p. 359)	do	83,225,450	Stock ownership, 5 per cent.[1]*		Nelson Morris; stock ownership, 7 per cent.*		T. E. Wilson.
51	Central Manufacturing District Bank.[4]	do	4,860,890	Arthur Meeker			Stock ownership, 2 per cent.*	
52	Illinois Trust & Savings	do	127,675,000	Stock ownership, 2 per cent.*			E. F. Swift; stock ownership, 2 per cent.*	

53	National Stock Yards National	East St. Louis, Ill.	17,475,000			Nelson Morris; stock ownership, 59 per cent.*	Stock ownership, 23 per cent.*	Stock ownership, 3, per cent.*
54	Stock Yards National	South St. Paul, Minn.	7,280,540	Stock ownership, 25 per cent.			J. S. Bangs	
55	Livestock National Bank of South Omaha.	Omaha, Nebr	10,300,000			L. H. Heymann	H. O. Edwards	
56	Stock Yards National Bank of South Omaha.	do	15,439,810	R. J. Dunham, R. C. Howe, E. Buckingham.	E. A. Cudahy, E. A. Cudahy, jr.			
57	Drovers National	Kansas City, Mo	14,175,000			Nelson Morris	J. H. Rich	
58	Interstate National[5]	do	18,697,350	C. W. Armour				
59	St. Joseph Stock Yards Bank	St. Joseph, Mo	5,900,000			Stock ownership, 21 per cent.	A. B. Swift, I. A. Vant.	
60	Oklahoma Stock Yards National	Oklahoma City, Okla.	3,306,470			E. F. Bisbee		W. H. Garside.
61	Stock Yards National Bank	Fort Worth, Tex.	5,356,000	R. J. Dunham, A. B. Case; stock ownership, 40 per cent.			J. B. Goggins, H. A. Chatham.	
62	Denver Stock Yards	Denver, Colo	2,814,930	C. A. Gebhard; stock ownership, 29 per cent.		Stock ownership, 10 per cent.	J. Brennan	
63	Livestock State	North Portland, Oreg.	1,875,000	Stock ownership, 20 per cent.			C. B. Swift, C. C. Colt.	
	Total resources		$979,237,340					

* Family interests.

[1] Including 4 per cent owned by Allerton family.

[2] 10 per cent of the stock stands in name of Robbins, 2 per cent in name of Edward F. Swift, and 11 per cent in the name of A. R. Fay and other members of the Swift-Tilden group. See p. 354.

[3] The stock records show one-half of 1 per cent in name of O'Hern, general superintendent of Armour & Co., and the same per cent in the name of DuPlan, a Wilson cattle buyer. David Moog, a Wilson district manager at Kansas City, has 1¼ per cent.

[4] Arthur Meeker, vice president of Armour & Co., holds 100 shares (4 per cent), and is a director in this bank. Associates of the Chicago stockyards companies (F. H. Prince J. A. Spoor, and H. E. Poronto) are among the largest individual stockholders, holding in all 375 shares (15 per cent). In addition, E. V. R. Thayer, H. E. Leonard, and Silas H. Strawn, who are also officers of the yards companies, own 110 shares (4.4 per cent). These holdings together with the Swift family holdings, make a total of 535 shares, or 21.4 per cent.

[5] 4 per cent owned by Kansas City Stock Yards Co. (No. 30), in which joint family interests and employees own 51 per cent. The Interstate Cattle Loan Co., of Kansas City, is affiliated with the Interstate National Bank.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned. Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total, Big Five.
	Slaughtering companies.								
	Domestic:								
64	Nevada Packing Co.[1]	Reno, Nev.	$353,400						(1)*
65	Oakland Meat & Packing Co.[1]	Oakland, Calif.	500,000						(1)*
66	Peerless Packing Co.[2]	Chicago, Ill.	50,000						(2)*
67	Union Meat Co.	Portland, Oreg.	1,687,500				80		[3] *100
68	Universal Serum Co.	East St. Louis, Ill.	30,000			56		13	*69
69	Western Meat Co.	San Francisco, Calif.	2,000,000	2.6	0.2	29.9	[4] 44.5	1.5	*78.7
	Foreign:								
70	Sociedad Anónima La Blanca	Buenos Aires	4,500,000	[5] 50.0		[6] 50.0			100
71	Central Products Co.[7]	Paraguay[8]	816,300						(7)
	Packers' machinery and supplies—Domestic.								
72	Independent Salt Co.	Kanapolis, Kans.	100,000	50.0			50.0		100
73	Mechanical Manufacturing Co., The	Chicago, Ill.	57,500			6	55		*61
74	National Box Co.	do.	500,000			54.9	*45.0		†99.9
75	Shavings & Sawdust Co.[9]	do.	150,000						(9)†
76	Southwestern Mechanical Co.	Fort Worth, Tex.	150,000	50.0			50.0		100
	Cotton-oil companies—Domestic.								
77	Bencini Cotton Oil Mills (Not Inc.)	Fort Worth, Tex.	[10] 9,000			27	[11] 53		[11] *80
78	Rotan Cotton Oil Co.[12]	Fort Worth and Rotan, Tex.	50,000						*(12)
	Creameries and cheese factories—Domestic.								
79	White & Co., Sherman	Fort Wayne, Ind.	123,700			52		*2	†54
	Cold storage and warehousing—Domestic.								
79 A	Consumers Ice Co.	Albany, N. Y.	10,000			7	3		10
80	Fort Wayne Pure Ice Co.[13]	Fort Wayne, Ind.	7,000						(13)
81	Midland Warehouse & Transfer Co.	Chicago, Ill.	200,000	*7		*12	18		†37
	Rendering companies.								
	Domestic:								
82	Canal Melting Co.[14]	Chicago, Ill.	15,000						(14)*
83	Darling & Co.	do.	400,000	7		[15] 55			*62
84	East St. Louis Rendering Co.	East St. Louis, Ill.	240,000			74.8	25.0		*99.8

85	Globe Rendering Co., The	Chicago, Ill.	2,000,000			57.0	12.5	2.6	†72.1
86	Holste Grease & Tallow Co.[14]	St. Louis, Mo.	20,000						([14])*
87	Indiana Reduction Co.	...do.	100,000			15		7.5	*22.5
88	Iowa Rendering Co.	Sioux City, Iowa	25,000	25	*23		*25		73
89	Products Manufacturing Co.	New York, N. Y.	600,000	4		[17] 29		2	[17] *35
90	Standard Rendering Co.	Kansas City	1,000,000		5	*61	*8	†17	91
91	Union Rendering Co.	Denver, Colo.	40,000	50.0			50		100
92	Union Rendering & Refining Co.	Omaha, Nebr.	100,000	*8	*15	*20	†34		77
93	Van Iderstine Co.	Long Island City, N. Y.	825,000	6		88		4	*98
	Foreign:								
94	National Oil & Hide Co. (Ltd.)	London, England	£10,000			†50.0	50.0		†100

* Family interests.

† Company and family interests.

[1] 100 per cent owned by Western Meat Co. (No. 69).

[2] 100 per cent owned by Darling & Co. (No. 83), in which the Morris family owns 54.6 per cent and J. O. Armour 7.5 per cent.

[3] 20 per cent of the stock held by Western Meat Co. (No. 69) in the name of Edw. F. Swift. In March, 1919, the estate of G. F. Swift secured the balance of the stock necessary to complete 100 per cent ownership, and sold the entire stock to Swift & Co. See p. 279.

[4] Adding Swift trusted employees the Swift interest would be increased to 48.1 per cent and including proxies, not elsewhere counted, it would be 82.9 per cent. The proxies thus counted, amounting to 4.8 per cent, are proxies of stockholders, whose shares were voted by proxy March, 1918, their shares being taken on the basis of their stockholdings as of Dec. 27, 1918. Proxies voted by E. B. Shugert, secretary and treasurer of Western Meat Co. See p. 277, regarding L. F. Swift's control of policy.

[5] Capital stock formerly 15,000 shares (par $100). In June, 1918, Armour & Co. reported as follows: "One-half of the capital stock of this company, or 7,500 shares, was forwarded in November, 1917, to be and we believe has been exchanged (or shares in Companía Financiera e Industrial. (No. 613). Exact information not available."

[6] Held by the Morris Beef Co. (Ltd.), (No. 507), in which Morris & Co. own 100 per cent.

[7] Owned by International Products Co., in which members of Big Five have a minority interest. (See No. 114.)

[8] Incorporated in Delaware; principal business office in New York City.

[9] 11 per cent owned by the National Box Co. (No. 74).

[10] Ownership certificates.

[11] The entire ownership was secured by L. F. Swift in 1918, and transferred by him to the Consumers Cotton Oil Mills (Not Inc.) (No. 247), which is 100 per cent owned by Swift & Co. See p. 220.

[12] 60 per cent owned by the Bencini Cotton Oil Mills (Not Inc.) (No. 77).

[13] 50 per cent of the stock owned by Sherman White & Co. (No. 79).

[14] 100 per cent owned by Globe Rendering Co. (No. 85).

[15] C. A. Alling, closely identified with Morris interests, owns 22.5 per cent of the stock, which would make a total of 77 per cent for Morris and 85 per cent for the Big Five.

[16] 100 per cent owned by the Indiana Reduction Co. (No. 87).

[17] C. A. Alling, closely identified with Morris interests, also owns 16 per cent of the stock, which would make a total of 53 per cent. Darling & Co. (No. 83), which is controlled by Morris interests, has a small holding (0.36 per cent) in the Products Manufacturing Co.

LIST 1.—*Companies in which two or more of the Big Five are jointly interested*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.					
				Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total Big Five.
	Land development companies—Domestic.								
95	Chicago Transfer & Clearing Co.	Chicago, Ill.	$3,000,000	[1] *1.7			.7		†2.4
96	Kenwood Land Co.	Portland, Oreg.	160,000	17		6.	20		[2] 53
97	North Fort Worth Town Site Co.	North Fort Worth, Texas.	500,000	33			*35		†68
98	North Kansas City Development Co.	North Kansas City, Mo.	100,000	32.5			*32.2		†64.7
99	North Kansas City Land & Improvement Association.	do.	90,000	33			*33		†66
100	Parkside Land Co.	do.	150,000	33.3			*33.3		†66.6
101	Peninsular Industrial Co.	Portland, Oreg.	500,000	32.08		10.56	*57.26		[3] †99.9
102	South Oklahoma Town Co.	Oklahoma City, Okla.	1,000,000			29		5	[4] *34
103	South San Francisco Land & Improvement Co.	San Francisco, Calif.	1,900,000	5.3	.3	24.5	36.4	[4] 1.5	*68
	Service companies—Domestic.								
104	Kenton Traction Co.	North Portland, Oreg.	20,000	24		8	28		[5] 60
105	North Kansas City Light, Heat & Power Co.[6]	Kansas City, Mo.	50,000						([6])
106	North Kansas City Water Co.[6]	do.	50,000						([6])
107	Sioux City Service Co.	Sioux City, Iowa.	2,000,000	[7] 32			41		* 73
108	Sioux City Traction Co.[8]	do.	25,000						([8]) *
109	South San Francisco Water Co.[9]	San Francisco, Calif.	150,000						([9]) *
110	South Sioux City Traction Co.[8]	Sioux City, Iowa.	50,000						([8]) *
111	Stephenville Light Plant[10]	Stephenville, Tex.							([10]) *
	Miscellaneous companies—Domestic.								
112	Commonwealth Audit Co.	Chicago, Ill.	25,000			[11] 30		[12] 8	[13] *38
113	Francis Printing Co.	do.	3,000						([14]) *
114	International Products Co.[15]	New York, N. Y.	[20] 80,647	12				[16] 7	[15] 19
115	Iowa Horse Commission Co.[17]	Sioux City, Iowa.	30,000						([17])
116	Schloeman & Co., E. H.[18]	do.	30,000						([17])
117	South St. Paul Sand & Gravel Co.[19]	South St. Paul, Minn.							([19])

* Family interests.

† Company and family interests.

[1] Includes 0.67 per cent owned by the Allerton family.

[2] 10 per cent held by the Western Meat Co. (No. 60), in which Big Five family interests own 70 per cent.

[3] All but directors' qualifying shares.

[4] In addition 50 per cent of the stock is held by Thos. E. Wilson, Joseph P. Grabfield, and George H. Olney, as voting trustees. Joseph P. Grabfield is sales manager of Morris & Co. and George H. Olney is secretary of the International Products Co. (No. 114).

[5] From incomplete returns of later date Armour's 24 per cent and probably Morris's 3 per cent have been assigned in blank and delivered to the estate of G. F. Swift, which also holds an additional 15 per cent in the name of Edward F. Swift, which would make the present apparent holdings of the G. F. Swift estate $15,000, or 75 per cent.

[6] 100 per cent owned by North Kansas City Development Co. (No. 98), in which Armour and Swift interests own 65 per cent.

[7] Including 12.66 per cent owned by the estate of F. A. Valentine.

[8] 100 per cent owned by Sioux City Service Co. (No. 107), in which the Armour and Swift families own 73 per cent.

[9] 100 per cent owned by the South San Francisco Land & Improvement Co. (No. 103), in which Big Five family interests own 68 per cent.

[10] Unincorporated branch of Benciní Cotton Oil Mills (Not Inc.) (No. 77).

[11] In addition, trusted employees of Morris & Co., and their families own 14 per cent, which would make a total of 44 per cent.

[12] In addition, trusted employees of Wilson & Co., Inc., own 4 per cent, which would make a total of 12 per cent.

[13] Excluding the 42 per cent held by officers of the Chicago Stock Yards, which, with holdings of trusted employees, would make a total of 98 per cent, see p. 280.

[14] 60 per cent owned by Darling & Co. (No. 83), in which the Morris and Armour families own 62 per cent and C. A. Alling 22.5 per cent.

[15] Holding company owning Central Products Co., a slaughtering and packing company in Paraguay. (No. 71.) The American International Corporation (in which J. Ogden Armour is an important stockholder) holds a minority of stock of the International Products Co. (See also p. 343.)

[16] Owned by G. F. Sulzberger, who was one of the controlling stockholders in Sulzberger & Sons Co., to which Wilson & Co., Inc., is successor, and who is still a considerable stockholder in Wilson & Co., Inc., with a representative on its board of directors.

[17] 100 per cent owned by the Sioux City Stock Yards Co. (No. 37), in which Swift, Armour, and Cudahy own 79 per cent.

[18] E. H. Schloeman & Co. is being liquidated and the business taken over by Iowa Horse Commission Co. (No. 115.)

[19] Department of St. Paul Union Stock Yards Co. (No. 86), in which Swift and Armour own 68 per cent.

[20] Shares without par value.

List 3.—*Companies generally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Private car lines—Domestic.			
	Armour:			
395	Armour Car Lines	Chicago, Ill	$5,000	100
396	Fruit Growers Express (Inc.)	do	1,500,000	(1)
	Swift:			
397	National Manufacturing Co	do	450,000	55
398	Swift Refrigerator Transportation Co	do	2,500,000	100
	Wilson.			
399	Wilson Car Lines	Chicago, Ill	700,000	99.7
	Selling companies—Domestic.			
	Armour:			
400	Adams Bros. Co	New York City, N. Y	Trade name of Armour & Co., Ill.	
401	Armour & Co. (Ltd)	New Orleans, La	$50,000	100
402	Armour & Co. (Ky.)	Louisville, Ky	25,000	100
403	Armour & Co. (N. J.)	Chicago, Ill	100,000	100
404	Armour Packing Co	do	10,000	100
405	Atlantic Hotel Supply Co	New York City, N. Y	25,000 Trade name of Armour & Co., Ill.	100
406	Brandt Leather Corporation	do	$1,000	(2)
407	Brandt Leather Co	Norwood, Mass	1,000	(2)
408	Circle E. Provision Co	Chicago and New York	Trade name of Armour & Co., Ill.	
409	Columbia Hotel Supply Co	Washington, D. C	25,000 Trade name of Armour & Co., Ill.	100
410	Eastern Leather Co	Boston, Mass	$2,500,000	69
411	German American Provision Co	Chicago, Ill	25,000	100
412	Hyde Wheeler Co	Boston, Mass	40,000	100
413	Keystone Hotel Supply Co	Philadelphia, Pa	5,000 Trade name of Armour & Co., Ill.	100
414	Smith, Richardson & Conroy (hotel supply)	Jacksonville, Fla	$100,000	51
415	Tuscarora Fertilizer Co	Chicago, Ill	25,000	(3)
416	Wheeler, Co., T. H	Boston, Mass	60,000	97
417	Winslow Bros. & Smith Co. (leather)	New York City, N. Y	10,000	(2)
	Cudahy:			
418	Cudahy Packing Co., The, of Alabama	Montgomery, Ala	100,000	100
419	Cudahy Packing Co., The, of Louisiana, Ltd	New Orleans, La	100,000	100
420	Palace Market, Meat & Provision Co	Los Angeles, Calif	50,000	60
	Morris.			
421	Brooklyn Beef & Provision Co	Brooklyn, N. Y	5,000	100
422	Chamberlain & Co. (Inc.)	Boston, Mass	200,000	67
423	Condit Beef & Provision Co	East Orange, N. J	5,000	100
424	Corwin Wilde Co	Boston, Mass	15,000	100
425	Donnelly & Co. (Inc.)	do	90,000	100
426	Eckerson Co	Jersey City, N. J	125,000	50.0
427	Gleam & Anderson Co	Chicago, Ill	6,750	51
428	Gold Coin Food Products Co	do	5,000	100
429	Hess, B	do	Trade name of Morris & Co.	
430	Hess & Co	do	Do.	
431	Lindner Packing & Provision Co	Denver, Colo	$35,000	50.0
432	Middletown Beef & Provision Co	Middletown, Conn	12,000	67
433	Millar & Co., W. A	Philadelphia, Pa	Trade name of Morris & Co.	
434	Morris & Co. (La.)	Chicago, Ill	$50,000	100
435	Morris & Co. (N. J.)	do	100,000	100
436	Morris & Co. (Pa.)	do	50,000	100
437	Morris Packing Co. (Maine)	do	25,000	100
438	National Hotel Supply Co	do	5,000	100
439	Willard Supply Co	do	Trade name of Morris & Co.	

[1] The stock of this company is held among the stockholders of Armour & Co.

[2] 100 per cent owned by Winslow Bros. & Smith Co. (No. 204), which is owned by the Eastern Leather Co. (No. 410).

[3] 100 per cent owned by the Armour Fertilizer Works (N. J.) (No. 283), in which Armour & Co. owns 100 per cent. The company is reported as inactive.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Selling companies—Domestic—Continued.			
	Swift:			
440	American Milk Co	Chicago, Ill	[1] 100	(2)
441	Andrews, Swift & Co	New Britain, Conn	(3)	67
442	Atlanta Supply Co	Atlanta, Ga	$10,000	(4)
443	Boston Packing & Provision Co	Boston, Mass	100,000	(5) *
444	Clinton Market & Provision Co	do	Trade name of Swift Beef Co.[6]	
445	Crittenden Co., F. & C	Rochester, N. Y	180,000	50.0
446	Dancey & Sibley Co. (cheese)	Cuba, N. Y	40,000	100
447	England, Walton Co. (Inc.) (Mass.) (leather)	Boston, Mass	50,000	(7)
448	Emery Food Co	Chicago, Ill	10,000	(8)
449	Fanuel Supply Co	Boston, Mass	Trade name of Vermont Supply Co.[9]	
450	Fulton Beef Co	Chicago, Ill	$10,000	(2)
451	Hammond Beef Co. (Mich.)	do	20,000	100
452	Handy Co., H. L	Springfield, Mass	250,000	60
453	Hollis & Co., N. E	Boston, Mass	Trade name of Swift Beef Co.[6]	
454	Hotchkiss Beef Co	Port Chester, N. Y	$36,000	99
455	Kingman & Swift	Brockton, Mass	Trade name of Swift & Co., Ill.	
456	Lawrence Leather Co., A. C	Chicago, Ill	$10,000	100
457	Libby, McNeill & Libby (La.) (canned foods)	do	5,000	(2)
458	Libby, McNeill & Libby (W. Va.) (canned foods).	do	100,000	(2)
459	Metropolitan Hotel Supply Co	New York City, N. Y	[1] 1,200	100
460	National Leather Co	Boston, Mass	25,000	100
461	Nye Co., George	Springfield, Mass	220,000	50.0
462	Omaha Hotel Supply Co	Los Angeles, Calif	10,000	100
463	Schaefer, Louis	St. Louis, Mo	Trade name of Swift & Co., Ill.	
464	Squire & Co., John P. (Inc.) (Mass.)	Holyoke, Mass	$20,000	(10)
465	Squire & Co., John P. (Inc.) (R. I.)	Providence, R. I	10,000	(10)
466	Swift & Co., E. C	Boston, Mass	Trade name of Swift Beef Co.[6]	
467	Swift & Co., G. F	do	Trade name of Swift Beef Co.[6]	
468	Swift & Co	Elizabeth, N. J	(3)	67
469	Swift & Co., Inc	Chicago, Ill	$10,000	100
470	Swift & Co., Ltd	do	100,000	100
471	Swift & Co	Lowell, Mass	(3)	67
472	Swift & Co. (Maine)	Chicago, Ill	2,000,000	100
473	Swift & Co. (W. Va.)	do	160,600	100
424	Swift & Co	Woonsocket, R. I	(3)	67
475	Swift & Co. (Delaware)[11]	Chicago, Ill	2,000,000	[11] 100
476	Swift Beef Co	Boston, Mass	375,000	67
477	Swift Coates Co	Greenfield, Mass	34,000	[12] 50.0
478	Swift Packing Co	Chicago, Ill	100,000	100
479	Swift Wool Co	Boston, Mass	10,000	100
480	Swiss-American Trading Co	Chicago, Ill	50,000	100
481	Underwood Market	do	Trade name of Omaha Packing Co.[13]	

* Family interests.

[1] Shares.

[2] 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. own 99.8 per cent.

[3] Partnership.

[4] 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. own 99.8 per cent of the stock. The Atlanta Supply Co. went out of business June 30, 1918.

[5] Entire stock owned by John P. Squire & Co., Maine (No. 161), in which the Swift family owns 93 per cent. The Boston Packing & Provision Co. is reported as inactive since Mar. 1, 1904.

[6] Swift & Co. owns 67 per cent of Swift Beef Co. (No. 476).

[7] 100 per cent owned by England, Walton & Co. (Inc.), of Delaware (No. 591), in which Swift & Co. owns 50 per cent, and holds remaining 50 per cent as collateral for loan.

[8] 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. owns 99.8 per cent. The Emery Food Co. has conducted a brokerage business in canned goods since February, 1917. Libby, McNeill & Libby cans certain products under the trade name of Emery Food Co.

[9] 100 per cent of Vermont Supply Co. (No. 482) is owned by the G. H. Hammond Co. (No. 152); 100 per cent of the latter is owned by Swift & Co.

[10] 100 per cent owned by John P. Squire & Co., Maine (No. 161), in which the Swift family owns 93 per cent.

[11] Inactive since June, 1917.

[12] Proxies for remaining 50 per cent of stock are given to a Swift agent by the Coates interests.

[13] Swift & Co. owns 100 per cent of Omaha Packing Co. (No. 157).

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Selling companies—Domestic—Continued.			
	Swift—Continued.			
482	Vermont Supply Co	Boston, Mass	$10,000	(1)
483	Wallabout Market Packing Co	New York City, N. Y	Trade name of Swift & Co., Ill.	
484	Wilson & Rogers	Philadelphia, Pa	[2] 500	(3)
	Wilson:			
485	Atlantic Lard Corporation	Chicago, Ill	$5,000	100
486	Drexel Packing Co	.....do	5,000	100
487	Empire Provision & Produce Co	.....do	52,500	[4] 100
488	Gotham Hotel Supply Co. (Inc.)	New York City, N. Y	25,000	100
489	Sinclair Provision Co	Portland, Oreg	5,000	(5)
490	Sinclair Sales Co., The	Cedar Rapids, Iowa	5,000	(5)
491	Standard Beef Co	Boston, Mass	10,000	100
492	Stiefel O'Mara Co	New York City, N. Y	10,000	100
493	Wakefield & Co. (fish brokers)			(6)
494	Wilson & Co. (N. J.)	Chicago, Ill	150,000	[7] 100
495	Wilson & Co., Inc. (La.)	New Orleans, La	80,000	[7] 100
496	Wilson Commission Co	Chicago, Ill	1,500	100
	Selling companies—Foreign.			
	Armour:			
497	Allen & Crom (Ltd.)	London, England	£5,000	(8)
498	Armour & Co., A. S	Copenhagen, Denmark	Kr. 175,000	100
499	Armour & Co., Ltd	London, England	£200,000	100
500	Armour & Co., A. G.[9]	Frankfort, Germany	M.1,000,000	[9] 100
501	Armour et Compagnie Société Anonyme	Paris, France	Fr.5,000,000	100
502	Armour Società Anonima Italiana	Milan, Italy	Le.1,000,000	100
503	Fowler Bros., Ltd	London, England	£100,000	100
504	James Wright & Co.[10]	.....do	$5,000	[10] 100
	Cudahy:			
505	Cudahy & Co., Ltd	Sydney, New South Wales	£10,000	100
506	Cudahy Packing Co., The, Ltd	London, England	£10,000	100
	Morris:			
507	Morris Beef Co., Ltd	.....do	£10,000	100
	Swift:			
508	Curry & Co., Ltd	.....do	£20,000	70
509	Fort Garry Market Co., Ltd	Winnipeg, Canada	$50,000	[11] 100
510	Garner, Bennett & Co., Ltd	Liverpool, England	£50,000	(12)*
511	Lane & Co., H. A., Ltd	London, England	£100,000	63
512	Libby, McNeill & Libby of London	.....do	£50,000	(13)
513	Namayo Market	Edmonton, Alberta	$1,000	(14)
514	Swift, H. L., stall	London, England		(15)
515	Swift Beef Co., Ltd	.....do	£100,000	100
516	Swift Packing Co	Paris, France	Fr. 100,000	100
	Wilson:			
517	Archer & Co., Ltd	London, England	£100,000	[16] 100
518	Nuttall Provision Co., Ltd	Liverpool, England	(17)	(17)

*Family interests.

[1] 100 per cent owned by G. H. Hammond Co. (No. 152), in which Swift & Co. owns 100 per cent.

[2] Shares.

[3] 100 per cent owned by Libby, McNeill & Libby (No. 209), in which Swift & Co. owns 99.8 per cent.

[4] This company reported as practically inactive since June 1, 1917. All but directors' qualifying shares owned by Wilson & Co., Inc.

[5] All the stock, excepting 3 directors' qualifying shares, owned by T. M. Sinclair & Co., Ltd. (No. 172). All the common stock of the latter company, except 7 directors' qualifying shares, is owned by the Central Products Corporation (No. 606), in which Wilson & Co., Inc., owns 100 per cent.

[6] 100 per cent owned by the Wilson Fisheries Co. (No. 224), in which Wilson & Co., Inc., owns 51 per cent. See note to Apex Fish Co. (No. 216).

[7] All but directors' qualifying shares.

[8] Entire stock held for the benefit of Armour & Co., Ltd., London (No. 499).

[9] This company has been practically inactive since August, 1914.

[10] Incorporated in West Virginia.

[11] Went out of business May, 1918. 100 per cent of stock owned by Swift Canadian Co., Ltd. (No. 188), in which Swift & Co. owns 100 per cent.

[12] 65 per cent owned by the North Packing & Provision Co. (No. 156), in which the Swift family owns 77 per cent. The remainder of the stock, or 35 per cent, is owned by J. P. Squire & Co. (No. 161), in which the Swift family owns 93 per cent.

[13] 100 per cent of the stock owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. owns 99.8 per cent.

[14] 100 per cent owned by Swift Canadian Co., Ltd. (No. 188), in which Swift & Co. owns 100 per cent.

[15] Not incorporated. Stall in London Market owned by Swift & Co.

[16] All but directors' qualifying shares owned by Wilson & Co., Inc.

[17] Incorporated, but stock not issued, and not in operation on account of war conditions.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Produce, poultry, and eggs—Domestic.			
	Armour:			
519	Aaron Poultry & Egg Co.	Kansas City, Mo.	$50,000	50.0
520	Blodgett Cheese, Butter & Egg Co., C. E.	Marshfield, Wis.	50,000	51
521	Brown Co., Harold L., Inc.	New York City, N. Y.	50,000	60
522	Brown, H. L., Co.	Boston, Mass.; Providence, R. I.	Trade name of Armour & Co., Ill.[1]	
523	Cortland Beef Co. (cheese, etc.)	Cortland, N. Y.	Trade name of Armour & Co., Ill.	
524	Enid Poultry & Egg Co.	Enid, Okla.	$2,500	(2)
525	Kininmonth Produce Co., A. S.	Winfield, Kans.	$100,000	50.0
	Cudahy:			
526	Sunlight Produce Co.	Winfield, Iowa.	25,000	100
	Morris:			
527	Marty Co., Jacob.	Brodhead, Wis.	47,500	50.0
528	Smith-Wright Co.	North Williston, Vt.	100,000	[3] 67.5
	Swift:			
529	Atlantic Produce Co.	Atlantic, Iowa; Adair, Iowa; Casey, Iowa; Stuart, Iowa.	Trade name of W. F. Priebe Co.[4]	
530	Audubon Produce Co.	Audubon, Iowa.		(5)
531	Bozarth, Alvin J.	Boonville, Mo.		(6)
532	Brockman & Co., L. W.	Fayette, Mo.		(7)
533	Dixon Produce Co.	Norborne, Mo.		(7)
534	Earlham Produce Co.	Earlham, Iowa.	Trade name of W. F. Priebe Co.[4]	
535	Grampp & Co., Frank.	Princeton, Ill.	Do.[4]	
536	Grampp Produce Co., L. G.	Sterling, Ill.	Do.[4]	
537	Harlan Produce Co.	Harlan, Iowa.	Do.[4]	
538	Hightshoe, T. A.	Marshall, Mo.		(7)
539	Manning Produce Co.	Manning, Iowa.	Trade name of W. F. Priebe Co.[4]	
540	Marshall Produce Co.	Marshall, Mo.		(7)
541	Murphy, G. W.	Havanna, Ill.		(8)
542	Parrott Co., W. B.	Carroll, Iowa; Jefferson, Iowa; Onawa, Iowa.	Trade name of W. F. Priebe Co.[4]	
543	Priebe Co., W. F.	Chicago, Ill.	$225,000	100
544	Schwartz Produce Co., W. A.	Lanark, Ill.	Trade name of W. F. Priebe Co.[4]	
545	Schulze, Martin.	Bushnell, Ill.	Trade name of W. F. Priebe Co.[4]	
546	Schreitling, W. H.	Monmouth, Ill.	Trade name of W. F. Priebe Co.[4]	
547	Stamper Co., F. M.	Moberly, Mo.	$99,198	[9] 54
548	Trent, H. W.	Keithsburg, Ill.		(10)
549	Ute Produce Co.	Ute, Iowa.	Trade name of W. F. Priebe Co.[4]	
550	Winders Co., T. D.	Aledo, Ill.; Keithsburg, Ill.	Trade name of W. F. Priebe Co.[4]	
	Wilson:			
551	Altamont Produce & Packing Co.	Altamont, Ill.		(11)
552	St. Peter Produce Co.	St. Peter, Ill.		(11)
	Fruit growing—Domestic.			
	Swift:			
553	Ahuimanu Pine & Ranch Co.	Honolulu, Hawaii.	$75,000	(12)
554	Honolulu Pine Co.	do.	10,000	(13)
555	Kahuluu Pine & Ranch Co.	do.	100,000	(14)
556	Korlau Fruit Co.	do.	200,000	(13)
557	Thomas Pineapple Co.	do.	100,000	(13)

[1] Armour & Co. discontinued the use of this trade name in July, 1918.
[2] 50 per cent owned by Aaron Poultry & Egg Co. (No. 519).
[3] Includes 32.5 per cent owned by Chamberlain & Co., Inc. (No. 422), in which Morris & Co. owns 67 per cent. In addition to the above 67.5 per cent, Morris & Co. holds $25,000 of the stock as collateral for a loan to the owner, who is president of Smith-Wright Co. This would make 92.5 per cent.
[4] Swift & Co. owns 100 per cent of W. F. Priebe Co. (No. 543).
[5] Buying station for the Atlantic Produce Co., Atlantic, Iowa (No. 529).
[6] Buying station for the F. M. Stamper Co., Moberly, Mo. (No. 547).
[7] Branch house of F. M. Stamper Co., Moberly, Mo. (No. 547).
[8] Buying station for Martin Schulze, Bushnell, Ill. (No. 545).
[9] Reported as 54 per cent owned by W. F. Priebe personally.
[10] Buying station for T. D. Winders, Aledo, Ill. (No. 550).
[11] Operated by Wilson & Co., Inc.
[12] 100 per cent of the stock is owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. own 99.8 per cent.
[13] 100 per cent of the stock is owned by Libby, McNeill & Libby, of Honolulu, Ltd. (No. 210), in which Libby, McNeill & Libby, Maine (No. 209), owns 95.7 per cent.
[14] 64 per cent of the stock is owned by Libby, McNeill & Libby, of Honolulu, Ltd. (No. 210).

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Insurance—Domestic.			
	Armour:			
558	Western Casualty Co.[1]	Chicago, Ill	$2[illegible]0,000	100
	Swift:			
559	Interstate Insurance Exchange[1]	do		(1)
560	Security Mutual Casualty Co.[1]	do		(1)
	Land development—Domestic.			
	Armour:			
561	Chicago-California Development Co	Chicago, Ill	300,000	(2)*
562	Sutter Basin Co	Sacramento, Cal	6,000,000	77*
563	Sutter Basin Improvement Co., The	do	1,500,000	(3)*
	Swift:			
564	Hawkeye Land Co	Sioux City, Iowa	100,000	96*
	Wilson:			
565	Pennsylvania Investors Co	Chicago, Ill	10,000	[4] 100
	Land development—Foreign.			
	Swift:			
566	Franklin Land & Investment Co	London, England	£50,000	100
	Service companies—Domestic.			
	Armour:			
567	Hill City Ry. Co	Hill City, Minn	$50,000	100
	Swift:			
568	Yakutat & Southern Ry. of Washington	Seattle, Wash	[5] 1,500	(6)
569	Yakutat & Southern Ry. Co. of West Virginia	do		(7)
	Miscellaneous companies—Domestic.			
	Armour:			
570	Armbow Operating Corporation [8] (hotel)	New York City, N. Y	100,000	[9]* 50.0
571	Armour Ammonia Works	Chicago, Ill	Trade name of Armour & Co., Ill.	
572	Armour Curled Hair Works	do	Trade name of Armour & Co., Ill.	
573	Armour Glue Works	do	Trade name of Armour & Co., Ill.	
574	Armour Printing Works	do	Trade name of Armour & Co., Ill.	
575	Armour Sand Paper Works	do	Trade name of Armour & Co., Ill.	
576	Armour Soap Works	do	Trade name of Armour & Co., Ill.	
577	Central Holding Co. (Del.)	Dallas, Tex	$1,400,000	(10)
578	Manufacturers & Jobbers Credit Bureau	Chicago, Ill	5,000	100
579	New England Beef Co	Boston, Mass	Trade name of Armour & Co., Ill.	
580	Vin Fiz Co. (soft drinks)	Chicago, Ill	$10,000	100
	Cudahy:			
581	Keen Kleener Manufacturing Co	do	10,000	100
582	Red Wing Co., The, Inc	do	600,000	*99.9
	Morris:			
583	United Realty Co	Jersey City, N. J	100,000	100
	Swift:			
584	Alaska Fisherman's Packing Co	Chicago, Ill	5,000 / Trade name of Libby, McNeill & Libby, Maine.[11]	100

* Family interests.
[1] See p. 339.
[2] 99 per cent owned by the Sutter Basin Co. (No. 562).
[3] 100 per cent owned by the Chicago-California Development Co. (No. 561), in which the Sutter Basin Co. (No. 562) owns 99 per cent.
[4] Wilson & Co., Inc., owns all of the stock but directors' qualifying shares.
[5] Shares.
[6] 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209).
[7] This company owns no property and does no business. The charter is owned by Libby, McNeill & Libby, Maine (No. 209).
[8] Operating the Manhattan Hotel, New York City, N. Y.
[9] J. O. Armour also owns 4.6 per cent of the preferred stock of the Beau-Site Co., operating the Biltmore Hotel, New York City, and 37.5 per cent of the preferred stock of the Bowman Hotel Corporation, operating the Commodore, New York City.
[10] Armour-Flippen interests, see p. 285.
[11] 100 per cent of stock owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. owns 99.8 per cent.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Miscellaneous companies—Domestic—Con.			
	Swift—Continued.			
585	American Milk Products Co.	Chicago, Ill.	2,300; Trade name of Libby, McNeill & Libby.[1]	100
586	Butchers Slaughtering & Melting Association	Brighton, Mass.	$300,000	([2]) *
587	Canfield Commission Co. (wholesale beef)	Newark, N. J.	10,000	100
588	Commonwealth Glue Co.	Boston, Mass.	Trade name of the Essex Gelatine Co.[3] *	
589	Derby Co., H. C. (fancy provisions)	New York City	$40,000	100
590	Emery Provision Co.	Chicago, Ill.	10,000; Trade name of Libby, McNeill & Libby.[4]	100
591	England, Walton & Co., Inc. (Del.)	Philadelphia, Pa.	$3,500,000	[5] 50.0
592	Foster Packing Co.	Chicago, Ill.	Trade name of Libby, McNeill & Libby.[1] $10,000	100
593	Franco-Swiss Catering Co.	do.	Trade name of Libby, McNeill & Libby.[4] $10,000	100
594	Hartford Beef Co[6]		10,000	[6] 100
595	Maxfield Co., S. A.	Bangor, Me.	Trade name of Consolidated Rendering Co.[7] *	
596	Newark Soap Works	Newark, N. J.	Trade name of Swift & Co., Ill.	
597	Northwestern Glue Co.	Chicago, Ill.	$300,000	100
598	South St. Paul Water Co.	South St. Paul, Minn.	10,000	[8] 100
599	South Side Plumbing Co.	Chicago, Ill.		([9])
600	Swift & Co. Employees' Benefit Association.			([10])
601	Swift & Co. Soap Works	Chicago, Ill.	$100,000	100
602	Union Condensed Milk Co.	do.	2,500; Trade name of Libby, McNeill & Libby.[1]	100
603	Union Stock Yards Gas Co.	Chicago, Ill.	5,000	([1])
604	Weymouth Wool Co.	Newport, Me.	Trade name of Consolidated Rendering Co.[11] *	
605	Willard Co., B. K.	Chicago, Ill.	Trade name of Libby, McNeill & Libby. 2,500	[1] 100
	Wilson:			
606	Central Products Corporation[12]	do.	$2,500,000	100
607	Continental Cartage Co., Inc.	Buffalo, N. Y.	5,000	100
608	Hollister-Wilson laboratories	Chicago, Ill.	5,000	([13])
609	Reardon & Sons Co., John (soap manufacturing and oil dealer).	Cambridge, Mass.	75,000	100
610	Sell Sporting Goods Co., The	Canton, Ohio	73,000	([13])
611	Sulzberger Products Co.[14]	Chicago, Ill.	500,000	100
612	Wilson & Co., Thos. E. (sporting goods)	Chicago, Ill., and Canton, Ohio.	500,000	[15] 100

* Family interests.

[1] 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209), in which Swift & Co. owns 99.8 per cent.

[2] 99.9 per cent owned by the New England Rendering Co. (No. 377), in which the Consolidated Rendering Co. (No. 369) owns 51 per cent. The Swift family owns 77 per cent of the stock of the Consolidated Rendering Co.

[3] 100 per cent of the Essex Gelatine Co. (No. 338) is owned by the Consolidated Rendering Co. (No. 369).

[4] Swift & Co. reported, June 8, 1918: "We expect to dissolve this corporation very shortly." 100 per cent owned by Libby, McNeill & Libby, Maine (No. 209).

[5] The remainder of the stock, with the exception of one share, is pledged as security for loans from Swift & Co. The company is a holding company with subsidiary leather companies, see pp. 306–307.

[6] Inactive.

[7] (No. 369).

[8] This company's contract expired in October, 1917, and while retaining its charter, it has ceased to operate.

[9] A department of Swift & Co. to perform the necessary plumbing about the company's Chicago property.

[10] Swift & Co., being interested in furthering the purpose of this organization, have entered into an agreement to pay the operating expenses thereof and to make good any deficiency in its funds to pay obligations to members.

[11] 77 per cent of the Consolidated Rendering Co. (No. 367) is owned by members of the Swift family.

[12] Holding company, holding stock in T. M. Sinclair & Co. (No. 172).

[13] All the stock except director's qualifying shares is owned by Thomas E. Wilson & Co. (No. 612).

[14] Holding company, holding minority stock in Continental Products Co., a South American packing company (No. 661) and managing its business.

[15] All except director's qualifying shares.

LIST 2.—*Companies severally controlled by the Big Five through ownership of 50 per cent or more of the voting stock*—Continued.

No.	Class of business and company.	Address.	Voting stock.	Per cent of voting stock owned.
	Holding companies—Foreign.			
	Armour:			
613	Compañía Financiera e Industrial	Montevideo, Uruguay	$1,000,000	100
	Swift:			
613a	Compañía Swift Internacional Ltd.	Buenos Aires, Argentina.	[1]22,500,000	[2]

[1] Argentine gold.
[2] The various companies with their South American and Australian plants that are now in control of the Internacional were subsidiaries of and managed by Swift & Co. until the Internacional was formed in 1918. The stockholders of Swift & Co. received stock pro rata in the new Internacional Co., which makes the control of the Internacional substantially identical with the control of Swift & Co. Edward F. Swift is president and Harold H. Swift vice president of the Internacional.

(a) BANKS.

[Directors here listed are members of the packing families or trusted officers or employees of the packing companies or of subsidiary or family companies. Stockholders' questionnaires to the bank stock holders might have disclosed additional stock held for members of the packing families by dummies.]

No.	Name of bank.	Address.	Resources.	Directors and per cent of voting stock.				
				Armour.	Cudahy.	Morris.	Swift.	Wilson.
614	Central Trust Co. of Illinois	Chicago, Ill	$66,823,720	Stock ownership, 3 per cent.[1] *				
615	Continental & Commercial Trust & Savings.	do	81,635,240	J. Ogden Armour, R. J. Dunham; stock ownership, 7 per cent.*				
616	Depositors State & Savings	do	3,773,980					G. D. Hopkins; stock ownership 13 per cent.*
617	Drovers National (see also p. 353)	do	17,653,840				Stock ownership, 12 per cent.*	
618	Drovers Trust & Savings Bank (see also p. 353).	do	5,005,340				Stock ownership, 17 per cent.*	
619	Fort Dearborn National (see also p. 352).	do	60,187,280				Stock ownership, 8 per cent.*	
620	Fort Dearborn Trust & Savings (see also p. 352).	do	6,233,300				Stock ownership, 29 per cent.*	
621	Hibernian Banking Association	do	30,462,000	J. Ogden Armour; stock ownership, 7 per cent.*				
622	Kenwood Trust & Savings	do	3,725,000				W. W. Sherman; stock ownership, 10 per cent.* [2]	
623	Liberty Trust & Savings	do	3,323,310			Edward Morris, jr., L. H. Heyman; stock ownership, 41 per cent.*		
624	Peoples Trust & Savings	do	11,260,800	F. W. Croll [3]				
625	Reliance State	do	2,836,740			Edward Morris, C. M. Macfarlane; stock ownership, 48 per cent.*		

* Family interests.

[1] 1 per cent of the stock is held by the Swift family.

[2] In addition trusted employees own $9,500, or 4.75 per cent, which would make a total of 14.45 per cent.

[3] F. W. Croll holds one-fifth of 1 per cent of stock. No other stock appears in name of Armour's employees or Armour family.

LIST 3.—*Companies on which the Big Five, severally own minority of voting stock—Continued.*

(a) BANKS.

No.	Name of bank	Address.	Resources.	Directors and per cent of voting stock. Armour.	Cudahy.	Morris.	Swift.	Wilson.
626	Stony Island Trust & Savings	Chicago, Ill.	$928,350	F. W. Croll, J. E. O'Hern; stock ownership, 12 per cent.*				
627	Union Trust Co.	do.	43,156,450	Geo. E. Marcy [1]				
628	Woodlawn Trust & Savings	do.	3,720,000				Stock ownership, 5 per cent * (see p. 354).	
629	National Bank of North Kansas City [2]	Kansas City, Mo.	245,000	F. O. Cunningham; stock ownership, 30 per cent.				
	Total resources		340,970,350					

* Family interests.
[1] 1 per cent of the stock stands in the name of Geo. E. Marcy, president of Armour Grain Co.
[2] I. H. Rich, president of this bank is manager for Swift & Co.

LIST 2.—*Companies in which the Big Five, severally, own minority of voting stock*—Continued.

(b) OTHER COMPANIES.

No.	Company.	Address.	Voting stock.	Per cent of voting stock owned.
	Armour:			
630	Laramie Stock Yards Co	Laramie, Wyo	$200,000	[1] * 38.5
631	Union Stock Yards of Lincoln	Burnham, Nebr	200,000	* 40.0
632	Union Stock Yards & Transit Co.[2]	Chicago, Ill	13,200,000	(2)
633	Central Manufacturing District (a trust)[2]	do		(2)
634	Chicago Junction Railway Co.[2]	do	5,500,000	(2)
635	Chicago Junction Railroad Co.[2]	do	50,000	(2)
636	Chicago River & Indiana Railroad Co.[2]	do	500,000	(2)
637	Chicago Junction Railways & Union Stock Yards Co. (N. J.).[2]	New York, N. Y	13,000,000	(2)
638	Chicago Stock Yards Co. (Maine)	Boston Mass	8,000,000	19.4
639	Walla Walla Meat & Cold Storage Co. (slaughtering).	Walla Walla, Wash	150,000	(3)
640	Seacoast Canning Co. (fish canning)	Eastport, Me	1,000,000	4.0
641	Independent Phosphate Co. (fertilizer)	Columbia, Tenn	100,000	(4)
642	Mineral Products Corporation (fertilizer) (see p. 336).	New York, N. Y	1,000,000	[5] * 5.0
643	Detroit Beef Co. (selling) (see p. 332)	Detroit, Mich	125,000	38.0
644	Liverpool Meat Market, The, Ltd. (selling)	Liverpool, England	£3,814	(6)
645	American International Corporation (export trade) (see p. 343).	New York, N. Y	$50,000,000	* 10.0
646	Merrill Cox & Co. (commercial note broker) (see p. 347).	Chicago, Ill	500,000	[7] 2.0
647	Mineral Products Co., The (holding) (see p. 336).	New York, N. Y	130,000	[8] * 5.0
648	National Capitol Hotel Corporation	Washington, D. C	500,000	2.0
649	Norwood Housing Association	Norwood, Mass	200,000	(9)
	Cudahy:			
650	Wichita Cattle Loan Co	Wichita, Kans	100,000	4.0
651	Salt Lake Union Stock Yards	Salt Lake City, Utah	194,600	29.0
652	Wichita Union Stock Yards Co	Wichita, Kans	1,400,000	[10] † 42.0
	Morris:			
653	El Paso Cattle Loan Co	El Paso, Tex		(11)
654	West Philadelphia Stock Yards Co	Philadelphia, Pa	300,000	[12] * 23.0
655	Union Stock Yards Co. of Baltimore County	Baltimore, Md	800,000	[13] * 10.0
656	Stock Yards Serum Co	Kansas City, Kans	30,000	48.0
657	Barry & Knoebel (wholesalers and commission merchants in packing-house products).	Denver, Colo	10,000	33.0
658	Bluefield Provision & Produce Co. (selling)	Bluefield, W. Va	80,000	46.0
659	Meyer & Bush Co. (selling)	Newark, N. J	150,000	47.0
660	Gray & White Co. (produce, poultry, and eggs).	Tiffin, Ohio	50,000	16.0
661	London Butchers Hide & Skin Co. (rendering).	London, England	£5,000	10.0
662	Bird Co., Amos (produce, poultry, and eggs)	Shanghai, China	$135,000	33.0

* Family interests.

† Company and family interests.

[1] Excluding trusted employees 50 per cent, which would make a total of 88.5 per cent.

[2] Companies Nos. 632–636 are operating companies connected with the Chicago Stock Yards, and are controlled by the sixth company, the Chicago Junction Railways & Union Stock Yards Co., a New Jersey corporation, the stock of which is guaranteed by the Chicago Stock Yards Co. of Maine, in which Armour & Co. owns 19.4 per cent.

[3] 9 per cent owned by E. H. Stanton Co. (No. 144), in which Armour & Co. owns 100 per cent.

[4] 4 per cent held for Armour Fertilizer Works (No. 283), in which Armour & Co. owns 100 per cent.

[5] 75 per cent owned by the Mineral Products Co. (No. 647). For Armour's connection with the controlling interests in the Mineral Products Corporation and the recent acquisition of all its stock by the Armour Fertilizer Works, see p. 336.

[6] 7 per cent owned by Armour & Co., Ltd., London (No. 499), which is owned by Armour & Co., Illinois.

[7] For additional holdings of the Tilden family, and the Swift-Tilden group, see p. 347.

[8] Holding company, owning 75 per cent of the stock of the Mineral Products Corporation (No. 642). (See note 5.)

[9] 17 per cent owned by Winslow Bros. & Smith Co. (No. 304), in which the Eastern Leather Co. (No. 410) owns 100 per cent. Armour & Co. owns 69 per cent of the Eastern Leather Co.

[10] Excluding trusted employees 276 shares, or 2 per cent, and proxies for 2,062 shares, or 15 per cent, which would make a total of 59 per cent.

[11] Affiliated with American Trust & Savings Bank (No. 712).

[12] Morris-Allerton interests, the Morris family owning 10 per cent and the Allerton family 13 per cent.

[13] Morris-Allerton interests, the Morris family owning 6.75 per cent and the Allerton family 3.7 per cent.

LIST 3.—*Companies in which the Big Five, severally, own minority of voting stock*—Continued.

(*b*) OTHER COMPANIES—Continued.

No.	Company.	Address.	Voting stock.	Per cent of voting stock owned.
	Swift:			
662a	United States Farm Land Co. (Chowchilla Ranch, 40,000 acres).	Sacramento, Cal.	$2,033,350	* ([1])
663	Portland Cattle Loan Co.	North Portland, Oreg.	400,000	[2] 34.0
664	Cleveland Union Stock Yards Co.	Cleveland, Ohio.	1,192,400	8.0
665	Bickett Coal & Coke Co. (see p. 350).	Chicago, Ill.	600,000	[3] * 12.0
666	Chicago Bearing Metal Co.	....do.	3,030,000	[3] * 23.0
667	Hornell Ice & Cold Storage Co. of New York (see p. 348).	Hornell, N. Y.	500,000	* ([4])
668	Hygienic Ice Co., Illinois (see p. 348).	Chicago, Ill.	500,000	* ([4])
669	Peoples Ice & Cold Storage Co. of Omaha (see p. 348).	Omaha, Nebr.	250,000	* ([4])
670	Buchanan Hotel Co.	St. Joseph, Mo.	250,000	2.0
671	Columbia Basin Wool Warehouse Co.	North Portland, Oreg.	200,000	* 10.0
672	Cowin & Co., Frederick, Inc. (bar-iron mills) (see p. 351).	Chicago, Ill.	734,500	[3] * 2.0
673	Hygienic Ice Co., Delaware (holding)[5]	....do.	2,500,000	* ([5])
674	Missouri River Bridge Co.	Sioux City, Iowa.	700,000	* 45.0
675	National Wool Warehouse & Storage Co.	Chicago, Ill.	388,275	2.0
676	Rosman Tanning Extract Co. (see p. 334).	Rosman, N. C.	....	17.0
677	Tanners Cut Sole Co.	Boston, Mass.	....	11.0
678	Skinner Co., George E. (selling).	....do.	60,000	42.0
679	Scott, Roderick, Ltd.	Glasgow, Scotland.	£20,000	([6])
	Wilson:			
680	Burdett Oxygen Co. of Chattanooga.	Chicago, Ill.	$75,000	38.0
681	Continental Products Co.[7]	Sao Paulo, Brazil.	1,500,000	23.0

* Family interests.

[1] L. F. Swift and E. F. Swift are interested jointly with O. A. Robertson. These three holders apparently control the company, but the Swift stock is held in the name of others, and its amount was not ascertained. An earlier report of a general nature given an agent of the Commission by F. L. Washburn, president of the Western Meat Co. (No. 69) was to the effect that he was manager of the Chowchilla Ranch and that it was jointly owned by Louis F. Swift and O. A. Robertson; and this was the information on which the statement in the summary (p. 45) was based.

[2] In addition, trusted employees of Swift interests own $78,000 (780 shares), which would make a total of $214,000 (2,140 shares), or 53.5 per cent.

[3] For additional holdings of the Tilden family, and the Swift-Tilden group, see pp. 348–351.

[4] 100 per cent owned by the Hygienic Ice Co., Delaware (No. 673), in which the Swift family owns 10 per cent.

[5] Holding company, holding stock of Hornell Ice & Cold Storage Co. (No. 667); Hygienic Ice Co., Illinois (No. 668); Peoples Ice & Cold Storage Co. (No. 669).

[6] 45 per cent owned by the Swift Beef Co., Ltd. (No. 515), in which Swift & Co. owns 100 per cent.

[7] This company is managed by a subsidiary company of Wilson & Co., Inc., namely, Sulzberger Products Co., which owns 23 per cent of the Continental Products Co.: the remainder of the stock of the Continental Products Co. is owned by the Brazil Land, Cattle & Packing Co., a subsidiary of the Brazil Railway Co. The receivers of the Brazil Land, Cattle & Packing Co. are W. Cameron Forbes and C. E. Perkins. The latter is a director of the Chicago, Burlington & Quincy Railroad Co., in which R. J. Dunham, vice president of Armour & Co., is also a director. It was reported by Wilson & Co., Inc., in January, 1918, that the Sulzberger Products Co. claimed to be entitled to purchase from this company 3,375 shares of common stock, and had made a tender of the purchase price therefor, but the transaction had not then been consummated.

LIST 4.—*Additional companies in which individuals identified with the Big Five are directors—Extent of interest not known.*

[Source, Moody's Manual, Banking Directories, etc.]

No.	Class of business and company.	Address.	Resources.	Directors. Armour.	Cudahy.	Morris.	Swift.	Wilson.
	Banks—Domestic.							
682	Commercial National	Boston, Mass.	33,460,440					E. Reardon.
683	Charlestown Five-Cent Saving	do	20,784,160				W. S. Glidden.	
684	Beacon Trust Co	do	18,692,820				F. W. Crocker.	
685	Union Market National	Watertown, Mass.	2,930,050				H. C. Derby.	
686	Broadway National	Chelsea, Mass.	851,360				A. T. Hunnewell.	
687	Harvard Trust Co	Cambridge, Mass.	3,729,540				E. D. Whitford.	
688	Commercial Trust Co	Springfield, Mass.	3,136,880				H. L. Handy.	
689	National City	New York, N. Y.	818,455,320	J. Ogden Armour, Samuel McRoberts.				
690	International Banking Corporation.	do	81,455,000	Samuel McRoberts.				
691	Guaranty Trust Co	do	669,183,130					T. F. Wilson.
692	New York County National	do	14,945,780				W. H. Noyes.	
693	Hallgarten & Co	do						H. H. Wehrhane (see pp. 342-343).
694	Salomon & Co., William	do						Elisha Walker (see pp. 341-342).
695	Chase National	do	407,859,550					E. R. Tinker (see pp. 342-343).
696	First National	Tenafly, N. J.	1,401,200				W. H. Noyes.	
697	State Bank of Lake Forest	Lake Forest, Ill.	656,010				L. F. Swift.	
698	Stock Yards Mortgage & Trust Co.	South St. Paul, Minn.	97,970				J. S. Bangs.	
699	Mechanics American National	St. Louis, Mo.	48,440,690	M. E. Singleton.				
700	Live Stock National	Sioux City, Iowa.	7,450,000				F. L. Eaton, H. A. Chetham.	
701	Omaha National	Omaha, Nebr.	32,352,440		E. A. Cudahy, jr.			
702	American National	St. Joseph, Mo.	9,186,000				J. G. Schneider.	
703	Drovers & Merchants	do	500,000				I. A. Vant.	
704	First Trust Co	do	1,531,630				F. S. Hayward.	
705	First National	do	9,147,910				F. S. Hayward.	
706	New England National	Kansas City, Mo.	25,315,860	C. W. Armour.				
707	Union Stock Yards National	Wichita, Kans.	1,650,000		E. A. Cudahy, J. A. McNaughton.			
708	Central Oregon	Bend, Oreg.	393,760				C. B. Swift.	
709	Anglo-California Trust Co	San Francisco, Cal.	19,119,880				J. W. Lilienthal.	
710	Bank of South San Francisco	do	1,043,500				W. H. Coffinberry.	

LIST 4.—*Additional companies in which individuals identified with the Big Five are directors—Extent of interest not known*—Continued.

[Source, Moody's Manual, Banking Directories, etc.]

No.	Class of business and company.	Address.	Resources.	Directors.				
				Armour.	Cudahy.	Morris.	Swift.	Wilson.
	Banks—Domestic—Continued.							
711	Anglo & London Paris National	San Francisco, Cal.	$96,447,310				J. W. Lilienthal	
712	American Trust & Savings	El Paso, Tex.	2,374,410			Edward Morris, C. M. Macfarlane.		
713	American Exchange National	Dallas, Tex.	30,192,950	E. L. Flippen				
714	Barnett National	Jacksonville, Fla.	13,830,990	G. R. De Saussure				
715	Florida National	do	11,891,010	A. F. Perry				
	Total resources		2,378,177,650					
	Railroads, terminal railroads at stock yards, etc.							
	Domestic:							
716	Illinois Central Railroad Co.			J. Ogden Armour				
717	Chicago, Milwaukee & St. Paul Railway Co.			J. Ogden Armour, Samuel McRoberts.				
718	Chicago, Burlington & Quincy Railroad Co.			R. J. Dunham				
719	Chicago Great Western Railroad Co.				E. A. Cudahy			
720	Kansas City Southern Railway Co.			Samuel McRoberts				
721	Norfolk Southern Railroad Co.						L. L. Clarke	
722	Oregon Electric Railway	Portland, Oreg.					C. H. Carey	
	Foreign:							
723	National Railroad of Haiti	Haiti		Samuel McRoberts				
	Miscellaneous companies—Domestic.							
724	United Railways Co.	Portland, Oreg.					C. H. Carey	
725	North American Transportation & Trading Co.	Chicago, Ill.			E. J. Cudahy, John Cudahy.			
726	Rothschild & Co. (department store).	do				C. E. Davis, Nelson Morris, Kenneth McKenzie.		

727	Hibernia Insurance Co.	New Orleans, La.				Andrew Fitzpatrick.		
728	Pay-As-You-Enter Car Corporation.	San Francisco, Cal.					J. W. Lilienthal.	
729	Milwaukee Mechanics Insurance Co.	Milwaukee, Wis.					W. C. Quarles.	
730	Drake Hotel Co.	Chicago, Ill.		J. B. Keogh.	J. M. Cudahy.			
731	Manhattan Beach estates.	New York, N. Y.					L. L. Clark.	
732	Meister Piano Co.	Chicago, Ill.				Nelson Morris, C. E. Davis, Kenneth McKenzie.		
733	Federal Utilities Co.	New York, N. Y.						Russell Armstrong.
734	Central States Electric Corporation	do.						Russell Armstrong.
735	Kansas City Railways Co.	Kansas City, Mo.		R. J. Dunham, C. W. Armour.				
736	Northwestern National Insurance Co. of Milwaukee, Wis.	Milwaukee, Wis.		J. O. Armour.				

LIST 5.—*Additional companies, from Louis F. Swift's list of "Our companies," in which Swift & Co. or its subsidiaries or the Swift family are admitted to be interested.*

(*a*) SWIFT FAMILY.

No.	Name of company.	No.	Name of company.
737	Union Terminal Railway Co.	744	New England Stock Yards Co.
738	Canadian Western Lumber Co., Ltd.	745	Stock Yards Bank (Ill.).
739	West Texas Town Lot Co., The.	746	Bayfield Investment Association (Wis.).
740	Mollala Lumber Co.	747	North Fuel & Supply Co.
741	Illinois Cattle Co.	748	National Car Line Co. (N. J.).
742	Anacortes Lumber & Box Co.	749	National Packing Co. (N. J.).
743	Missouri State Realty Co.		

(*b*) SWIFT & CO. OR SWIFT FAMILY.

750	Union Ice & Cold Storage Co.	751	National Packing Co., Ltd. (La.).

LIST 6.—*Additional companies, from list of "Our companies," in which Swift & Co. is not interested, but as to which no report has been made regarding Swift family holdings.*

No.	Name of company.	No.	Name of company.
....	Chicago Junction Railways & Union Stock Yards Co.[1]	752	Buchanan Elevator Co.
....	Union Stock Yards & Transit Co. (Ill.).[1]	753	Dillon Irrigation Co.
....	Chicago Junction Railway Co.[1]	754	Sterling Lumber & Supply Co.
		755	Good Will Soap Premium Store, The.[2]

[1] See p. 332.
[2] George E. Marsh Co. (No. 376) owns the entire capital stock of the Goodwill Soap Premium Store, Providence, R. I. The Consolidated Rendering Co. (No. 369), in which the Swift family owns 77 per cent, owns 55 per cent of the George E. Marsh Co.

LIST 7.—*Additional companies included in "Corporation records" file in office of Henry Veeder, general counsel for Swift & Co.*

No.	Name of company.	No.	Name of company.
756	Brownwood Oil Mills.	758	Childress County Land & Cattle Co.
757	Bimbler, Van Wagenen & Co.	[1]759	Fish Cattle Co.

[1] One number (No. 25) having been omitted, and four numbers (Nos. 147a, 225a, 613a, and 662a) having been inserted, the total number of concerns listed is 762.

ALPHABETIC LIST.—As a convenience in the use of the foregoing tables of companies in their various classifications and subclassifications, the following alphabetic list of all companies is given.

Following each name is the number by which the company is designated in the foregoing tables.

Alphabetic list showing name and number of company.

Aaron Poultry & Egg Co. (519).
Acme Products Co. (225a).
Adams Bros. Co. (400).
Ahuimanu Pine & Ranch Co. (553).
Alamo Oil & Refining Co. (239).
Alaska Fisherman's Packing Co. (584).
Alaska Herring & Sardine Co. (214).
Albany Rendering Co. (365).
Albert Lea Packing Co., Inc. (168)
Alden Banks Fish Co. (215).
Allen & Crom, Ltd. (497).
Altamont Produce & Packing Co. (551).
Alvarado Cotton Oil Mills (226).
Alvord Gin (240).
American Exchange National Bank (Dallas, Tex.) (713).
American International Corporation (645).
American Milk Co. (440).
American Milk Products Co. (585).
American National Bank (St. Joseph, Mo.) (702).
American Pumice Co. (200).
American Trust & Savings Bank (El Paso, Tex.) (712).
Anacortes Lumber & Box Co. (742).

Andalusia Packing Co. (149).
Andrews, Swift & Co. (441).
Anglo-American Provision Co. (351).
Anglo-California Trust Co. (San Francisco) (709).
Anglo & London Paris National Bank (San Francisco) (711).
Apex Fish Co. (216).
Archer & Co., Ltd. (517).
Arlington Gin (241).
Armbow Operating Corporation (570).
Armour Ammonia Works (571).
Armour & Co., A. G. (Germany) (500).
Armour & Co., A. S. (Denmark) (498).
Armour & Co. (Ky.) (402).
Armour & Co. (N. J.) (403).
Armour & Co., Ltd. (England) (499).
Armour & Co., Ltd. (La.) (401).
Armour & Co. of Australasia, Ltd. (177).
Armour & Co. of Texas (133).
Armour Canadian Grain Co. (332).
Armour Car Lines (395).
Armour Curled Hair Works (572).
Armour del Uruguay (178).
Armour et Compagnie Société Anonyme (501).
Armour Fertilizer Works Inc. (Md.) (282).
Armour Fertilizer Works (N. J.) (283).
Armour Glue Works (573).
Armour Grain Co. (325).
Armour Leather Co. (296).
Armour Mechanical Co. (192).
Armour Packing Co. (404).
Armour Printing Works (574).
Armour Sand Paper Works (575).
Armour Soap Works (576).
Armour Societa Anonima Italiana (502).
Armstrong Packing Co. (136).
Ashland Leather Co. (307).
Ashland Rendering Co. (365).
Atlanta Supply Co. (442).
Atlantic Hotel Supply Co. (405).
Atlantic Lard Corporation (483).
Atlantic Produce Co. (529).
Audubon Produce Co. (530).
Australian Meat Export Co., Ltd. (183).
Axtell Gin (242).
Badger State Tanning Co. (297).
Bangor Abattoir (150).
Bank of South San Francisco (San Francisco, Calif.) (710).
Barataria Canning Co. (207).
Barnett National Bank (Jacksonville, Fla.) (714).
Barry & Knoebel (657).
Bayfield Investment Association (Wis.) (746).
Beacon Trust Co. (Boston) (684).
Bencini Cotton Oil Mills (not Inc.) (77).
Bickett Coal & Coke Co. (665).
Bimbler Co. (151).
Bimbler, Van Wagenen & Co. (757).
Amos Bird Co. (662).
C. E. Blodgett Cheese, Butter & Egg Co. (520).
Bluefield Provision & Produce Co. (456).
Boston Fresh Tripe Co. (337).
Boston Packing & Provision Co. (443).
Boston Terminal Refrigerating Co. (352).
Bourbon Stock Yards Co. (23).
Alvin J. Bozarth (531).
Brandt Leather Co. (407).
Brandt Leather Corporation (406).
Brighton Gin (243).
Brighton Stock Yards Co. (24).
Brigman Gin (244).
British American Product Co. Ltd. (393).
Broadway National Bank (Chelsea, Mass.) (686).
L. W. Brockman & Co. (532)
Brooklyn Beef & Provision Co. (421)
H. L. Brown Co. (522).
Harold L. Brown Co., Inc. (521).
Brownie Fish Co. (217).
Brownwood Oil Mills (756).
Buchanan Elevator Co. (752).
Buchanan Hotel Co. (670).
Chas. Buck & Sons Co. (366).
Buffalo Cereal Co., Inc. (326).
Burdett Oxygen Co. (690).
Burlington Rendering Co. (367).
Butchers Rendering Co. (368).
Butchers Slaughtering & Melting Association (586)
Byhalia Gin (245).
Canadian Western Lumber Co., Ltd. (738).
Canal Melting Co. (82).
Canfield Commission Co. (587).
Cappon & Bertsch Leather Co. (298).
Carroll Oak Tanning Co. (308).
Central Boxboard Co. (193).
Central Holding Co. (Del.) (577).
Central Manufacturing District (633).
Central Manufacturing District Bank (Chicago) (51)
Central Oregon Bank (Bend, Oreg.) (708).
Central Products Co. (71).
Central Products Corporation (606).
Central Rendering Corporation (369)
Central States Electric Corporation (734).
Central Trust Co. of Illinois (Chicago) (614).
Central Union Stock Yards Co. (140).
Centralia Coal Co. (202).
Chamberlain & Co. Inc. (422).
Charlestown Five-Cent Savings Bank (Charlestown, Mass.) (683).
Chase National Bank (New York) (685).
Chattanooga Oxygen Gas Co. (227).
Cherry River Extract Co. (305).
Chicago & Alton Railroad Co. (21).
Chicago Bearing Metal Co. (666).
Chicago, Burlington & Quincy Railroad Co. (718).
Chicago-California Development Co. (561).
Chicago Cattle Loan Co. (1).
Chicago Great Western Railroad Co. (719).
Chicago Junction Railroad Co. (635).
Chicago Junction Railway Co. (634).
Chicago Junction Railways & Union Stock Yards Co. (N. J.) (637).
Chicago Milwaukee & St. Paul Railway Co. (717).
Chicago River & Indiana Railroad Co (636).
Chicago Stock Yards Co. (Me.) (638).
Chicago Transfer & Clearing Co. (95).
Childress County Land & Cattle Co. (758).
Chilhowee Extract Co. (309).
The Chymol Co. (335).
Circle E. Provision Co. (408).
Citizens Gin Co. (228).
Cleveland Union Stock Yards Co. (664).
Clinch River Extract Co. (310).
Clinton Market & Provision Co. (444).
Cobb County Chemical Mining Co. (201).
Collierville Gin (246)
Colonial Hide Co. (324).
Colorado Packing & Provision Co. (137).
Columbia Basin Wool Warehouse Co. (671).
Columbia Hotel Supply Co. (409).
Commercial National Bank (Boston) (682).
Commercial Trust Co. (Springfield, Mass.) (688).
Commonwealth Audit Co. (112.)
Commonwealth Glue Co. (588).
Compañia Financiera e Industrial (613).
Compañia Paraguaya de Frigorífico y Carnes Conservadas (184).
Compañia Swift de la Plata Sociedad Anónima (186).
Compañia Swift de Montevideo Sociedad Anónima (187).
Compañia Swift Internacional, Ltd. (Buenos Aires, Argentina) (612a).
Companhia Armour do Brazil (179)
Companhia Swift do Brazil, Sociedade Anonyma (185).
Condit Beef & Provision Co. (423).
Connellsville Stock Yards Co. (131).
Consolidated Rendering Co. (360).
Consumers Cotton Oil Mills (not Inc.) (247).
Consumers Ice Co. (Albany, N. Y.) (356).
Continental & Commercial National Bank (Chicago) (42).
Continental & Commercial Trust & Savings Bank (Chicago) (615).
Continental Cartage Co., Inc. (607).
Continental Packing Co. (357).
Continental Products Co. (681).
Cortland Beef Co. (523).
Corwin-Wilde Co. (424).
Frederick Cowin & Co., Inc. (672).
Crescent City Stock Yard & Slaughter House Co., Ltd. (147a).
F. & C. Crittenden Co. (445).
Cudahy & Co., Ltd. (England) (506).
The Cudahy Packing Co., Ltd. (508).
The Cudahy Packing Co. of Alabama (418).
The Cudahy Packing Co. of Louisiana, Ltd. (419).
Cudahy Packing Co. of Nebraska (146).

Curry & Co., Ltd. (England) ([illegible]).
Dallas Union Stock Yards Co. (123).
Darling & Co. (83).
L. F. Darling Fertilizer Co. ([illegible]).
Decatur Gin (248).
Delaware Canning Co. (208).
Demcey & Sibley Co. (446).
Denver Cattle Loan Co. (2).
Denver Stock Yards Bank (Denver, Colo.) ([illegible]).
Denver Union Stock Yard Co. (26).
Depositors State & Savings Bank (Chicago) ([illegible]).
H. C. Derby Co. (589).
Dering Mines Co. (794).
Detroit Beef Co. (645).
Dillon Irrigation Co. (758).
Dixon Produce Co. (533).
Dominion Tanneries, Ltd ([illegible]).
Donnelly & Co., Inc. (425).
Dow Cheese Co. (348).
Drake Hotel Co. (729).
Drexel Packing Co. (486).
Drovers Cattle Loan Co. (3).
Drovers & Merchants Bank (St. Joseph, Mo.) ([illegible]).
Drovers National Bank (Chicago) (617).
Drovers National Bank (Kansas City) (57).
Drovers Trust & Savings Bank (Chicago) (618).
Dunkley Co. (203).
Earlham Produce Co. (534).
East St. Louis Cotton Oil Co. ([illegible]).
East St. Louis Rendering Co. (84).
East Waco Gin (249).
Eastern Leather Co. (410).
Eastern Oregon Live Stock Co. (418).
Eau Claire Creamery Co. ([illegible]).
The Eby Bologna Co. ([illegible]).
Eckerson Co. ([illegible]).
Elk Gin (250).
Ellis Pond Ice Co. (353).
El Paso Cattle Loan Co. (653).
El Paso Union Stock Yards Co. ([illegible]).
Emery Food Co. (448).
Emery Provision Co. (590).
Empire Provision & Produce Co. ([illegible]).
Empire Tanning Co. (299).
England, Walton & Co., Inc. (Del.) ([illegible]).
England, Walton & Co., Inc. (N. J.) ([illegible]).
England, Walton Co., Inc. (Mass.) (467).
Enid Poultry & Egg Co. (524).
The Erie Co. (327).
Essex Gelatine Co. (338).
Export Elevator Co. (328).
The Fame Canning Co. (318).
Fanuel Supply Co. (449).
Farmers Co Operative Fertilizer Co., Inc. (284).
Farmers Gin (251).
Faulkner Coal Co. (195).
Federal Utilities Co. (733).
First National Bank (Chicago) (44).
First National Bank (St. Joseph, Mo.) (705).
First National Bank (Tenafly, N. J.) (695).
First Trust & Savings Bank (Chicago) (50).
First Trust Co. (St. Joseph, Mo.) (704).
Fish Cattle Co. (759).
Fitchburg Rendering Co. (370).
Flavell Co. (363).
Florida National Bank (Jacksonville, Fla.) (715).
Forrest City Cotton Oil Mills (234).
Fort Dearborn National Bank (Chicago) (619).
Fort Dearborn Trust & Savings Bank (Chicago) (620).
Fort Garry Market Co., Ltd. (509).
Fort Wayne Pure Ice Co. (85).
Fort Worth Belt Railway (22).
Fort Worth Cattle Loan Co. (4).
Fort Worth Cotton Oil Mill (253).
Fort Worth Gin (253).
Fort Worth Stock Yards Co. (37).
Foster Packing Co. (362).
Fowler Bros , Ltd. (503).
Fowler Packing Co. (138).
Fowler Serum Co. (139).
Francis Printing Co. (113).
Franco-Swiss Catering Co. (593).
Franklin Land & Investment Co. ([illegible]).
Fremont Kraut Co. (365).
Friedman Manufacturing Co. ([illegible]).
Frigorifico Armour de la Plata ([illegible]).
Frigorifico Artigas Sociedad Anonima ([illegible]).
Frigorifico Wilson de la Argentina ([illegible]).
Frigorifico Wilson do Brazil ([illegible]).
L. T. Frisbie Co. (371).
Fruit Growers Express, Inc. ([illegible]).
Fulton Beef Co. (450).
Gadsden Gin (254).
Garner, Bennett & Co., Ltd. (510).
Gates Gin (255).
Gatesville Cotton Oil Mill (256).
General Rendering Co. (790)
German American Provision Co. (611).
Glenn & Anderson Co. (427).
Globe Cotton Oil Mills (Not Inc.) (235).
The Globe Rendering Co. (85).
Gold Coin Food Products Co. (428).
The Good Will Soap Premium Store (736).
Gotham Hotel Supply Co., Inc. (488).
Frank Grampp & Co. (535).
L. G. Grampp Produce Co. (536).
Grand Prairie Gin (257).
Grapevine Gin (258).
Gray & White Co (660)
Greenville Cotton Oil Mills ([illegible]).
Guaranty Trust Co. (New York) ([illegible]).
Huarera, Ltd. (182).
Habermann Co., Inc (891).
Hallgarten & Co. (New York) ([illegible]).
Hamilton Stock Yards Co. (124).
G. H. Hammond Co. (132).
Hammond Beef Co. (Mich.) (651).
Hammond Packing Co. (140).
H. L. Handy Co. (452).
Hansen Grain Co. (339).
Harlan Produce Co. (537).
J. J. Harrington & Co., Inc. ([illegible]).
Hartford Beef Co. ([illegible]).
Harvard Trust Co. (Cambridge, Mass.) (697).
Hawkeye Land Co. (564).
Henning Gin (259).
S. Hess (429).
Hess & Co. (430).
Hibernia Insurance Co. (737).
Hibernian Banking Association (Chicago) (621).
T. A. Hightshoe (538).
Hill City Railway Co. (567).
Hinckley Rendering Co. (372)
Hoen Gin (260)
Holland Butterine Co. (340).
N. E. Hollis & Co. (453).
Hollister-Wilson Laboratories (608).
Holste Grease & Tallow Co. (86).
Honolulu Pine Co. (554).
Hope Fertilizer Co. (285).
Hornell Ice & Cold Storage Co. (N. Y.) (667).
Hotchkiss Beef Co. (454).
J. P. Houck Tanning Co. (312).
Houston Cotton Oil Mill (261).
Howe Coal Co. (196).
Hyde Wheeler Co. (412).
Hygienic Ice Co. (Del.) (673).
Hygienic Ice Co. (Ill.) ([illegible]).
Illinois Cattle Co. (741).
Illinois Central Railroad Co. (716).
Illinois Cold Storage Co. (856).
Illinois Trust & Savings Bank (Chicago) ([illegible])
Independent Phosphate Co. (661).
Independent Salt Co. (72).
Independent Stock Yards Co. (28).
Indiana Reduction Co. (87).
International Banking Corporation (New York) (690)
International Products Co. (114).
Interstate Insurance Exchange (559).
Interstate National Bank (Kansas City) (56).
Interstate Stock Yards Co. (125).
Iowa Horse Commission Co. (115).
Iowa Rendering Co (88).
Itasca Cotton Oil Mill (262).
Henry James & Son, Inc (373).
Jersey City Stock Yards Co. (29).
Jonesboro Gin (263).
Junaluska Leather Co. (313).
Kahului Pine & Ranch Co. (555).
Kansas City Connecting Railway Co. (16).
Kansas City Railways Co. (785).
Kansas City Southern Railway Co. (739).
Kansas City Stock Yards Co. (30).
Keen Kleener Manufacturing Co. (591).
Kenton Traction Co. (104)
Kentucky Creameries (344).

Kenwood Land Co. ([illegible]).
Kenwood Trust & Savings Bank (Chicago) ([illegible]).
Keystone Hotel Supply Co. ([illegible]).
Kingman & Swift ([illegible]).
A. S Kinnmonth Produce Co. ([illegible]).
Korian Fruit Co. (556).
Lambert Gin (264).
M. A. Lane & Co., Ltd. (511).
Laramie Stock Yards Co. ([illegible]).
A. C. Lawrence Leather Co. (Boston) ([illegible]).
A. C Lawrence Leather Co. (Chicago) ([illegible]).
S. S. Leonard Co. (134).
Levi Gin (265).
Joseph Levy Co., Inc. ([illegible]).
Lewellyn Bean Co. ([illegible]).
Libby, McNeill & Libby (Maine) ([illegible]).
Libby, McNeill & Libby of Canada ([illegible]).
Libby, McNeill & Libby of Honolulu, Ltd. ([illegible]).
Libby, McNeill & Libby of London ([illegible]).
Libby, McNeill & Libby of Louisiana ([illegible]).
Libby, McNeill & Libby of West Virginia ([illegible]).
Liberty Trust & Savings Bank (Chicago) ([illegible]).
Lindner Packing & Provision Co. ([illegible]).
Lisanski Packing Co (219).
Little Rock Cotton Oil Mill ([illegible]).
The Liverpool Meat Market, Ltd. ([illegible]).
Live Stock Exchange National Bank (Chicago) ([illegible]).
Live Stock National Bank (Sioux City) ([illegible]).
Live Stock National Bank (South Omaha) ([illegible]).
Live Stock State Bank (North Portland, Oreg.) ([illegible]).
London Butchers Hide & Skin Co. ([illegible]).
Lookout Oil & Refining Co. ([illegible]).
London Packing Co ([illegible]).
Louisville Fertilizer Co. ([illegible]).
Lowell Fertilizer Works ([illegible]).
Lowell Rendering Co (374).
Manchester Rendering Co ([illegible]).
Manhattan Beach Estates ([illegible]).
Manning Produce Co (530).
Manufacturers & Jobbers Credit Bureau ([illegible]).
Mapl-Flake Mills ([illegible])
Marietta Fertilizer Co (287).
Market Review Publishing Co. ([illegible]).
George E Marsh Co. (376).
Marshall Produce Co. ([illegible]).
Jacob Marty Co. (527).
S. A Maxfield Co. ([illegible]).
Meadow Green Gin Co. ([illegible]).
The Mechanical Manufacturing Co. ([illegible]).
Mechanics American National Bank (St. Louis, Mo.) ([illegible]).
Meister Piano Co. (728)
Merchants Cold Storage & Warehouse Co. ([illegible]).
Merrill Cox & Co ([illegible]).
Metropolitan Hotel Supply Co. ([illegible]).
Meyer & Bush Co. ([illegible]).
Michigan Canning & Machinery Co. ([illegible]).
Mid-City Trust & Savings Bank (Chicago) ([illegible]).
Middleton Beef & Provision Co. ([illegible]).
Midland Warehouse & Transfer Co. ([illegible]).
Milford Gin (367).
Migley Fish Co. ([illegible])
W. A. Miller & Co. ([illegible]).
Milwaukee Mechanics Insurance Co. ([illegible]).
Milwaukee Stock Yards Co. ([illegible]).
Mineral Products Co. ([illegible]).
Mineral Products Corporation ([illegible]).
Mississippi Packing Co., Inc. ([illegible]).
Missouri River Bridge Co. ([illegible]).
Missouri State Realty Co. (74[illegible]).
Mosley Gin ([illegible])
Mollala Lumber Co (7[illegible]).
Morrill Leather Co ([illegible]).
Morris & Co. (La.) (434)
Morris & Co. (N. J.) ([illegible]).
Morris & Co (Pa.) (436)
Morris Beef Co., Ltd. (England) ([illegible]).
Morris Fertilizer Co (240)
Morris Packing Co. (Maine) ([illegible]).
Morton-Gregson Co. (Del.) (170).
J. K. Mosser Co. ([illegible]).
J. K. Mosser Co. of West Virginia ([illegible]).
Wm. F. Mosser Co. (306)
W. Murphy, Havana, Ill. (441).
Nagle Packing Co. ([illegible]).
Namayo Market, Edmonton, Alberta, Canada ([illegible]).
National Bank of North Kansas City ([illegible]).
National Bank of the Republic (Chicago) ([illegible]).
National Box Co. (74).
National Celluloid Co. (316).
National Capital Hotel Corporation ([illegible]).
National Car Line Co. (N. J.) (7[illegible]).
The National Cattle Loan Co. ([illegible]).
National City Bank (New York) ([illegible]).
National Hotel Supply Co. ([illegible]).
National Leather Co. ([illegible]).
National Leather Manufacturing Co. ([illegible]).
National Manufacturing Co. ([illegible]).
National Oil & Hide Co., Ltd. (England) ([illegible]).
National Packing Co. (N. J.) (7[illegible]).
National Packing Co., Ltd. (La.) ([illegible]).
The National Provisioner (9).
National Railroad of Haiti (7[illegible]).
National Stock Yards National Bank (E. St. Louis, Ill.) (51)
National Woodenware Co. ([illegible]).
National Wool Warehouse & Storage Co. ([illegible]).
Nebraska City Union Stock Yards Co. (Del.) ([illegible]).
Neenah Cheese & Cold Storage Co. ([illegible]).
Neola Elevator Co. ([illegible]).
Nevada Packing Co. (64).
Newark Soap Works ([illegible]).
Newark Stock Yards (1[illegible]).
New England Beef Co. ([illegible]).
New England Dressed Meat & Wool Co. ([illegible]).
New England National Bank (Kansas City, Mo.) ([illegible]).
New England Rendering Co. (377).
New England Stock Yards Co. (744).
New Haven Rendering Co. ([illegible]).
New York Butchers Dressed Meat Co. (141).
New York County National Bank (New York) ([illegible]).
New York Stock Yards Co. ([illegible]).
Nicholson Ice & Produce Co. ([illegible]).
Norfolk Southern Railroad Co. ([illegible]).
North Alaska Salmon Co. (211).
North American Provision Co. ([illegible]).
North American Transportation & Trading Co (725)
North Fuel & Supply Co. (747).
North Fort Worth Town Site Co. ([illegible]).
North Kansas City Development Co. ([illegible]).
North Kansas City Land & Improvement Association ([illegible]).
North Kansas City Light, Heat & Power Co. (10[illegible]).
North Kansas City Water Co. (10[illegible]).
North Packing & Provision Co. ([illegible]).
Northern Reduction Co. ([illegible]).
Northern Rendering Co. ([illegible]).
Northwestern Glue Co. ([illegible]).
Northwestern National Insurance Co. of Milwaukee (726).
Norwood Housing Association ([illegible]).
Nuttall Provision Co., Ltd. ([illegible]).
George Nye Co (461).
Oakland Meat & Packing Co. ([illegible]).
Oklahoma Daily Live Stock News ([illegible]).
Oklahoma National Stock Yards Co. ([illegible]).
Oklahoma Stock Yards National Bank (Oklahoma City, Okla.) ([illegible]).
Omaha Hotel Supply Co. ([illegible]).
Omaha National Bank (Omaha) ([illegible]).
Omaha Packing Co. (157).
Oregon Electric Railway ([illegible]).
Pacific Creamery Co. ([illegible]).
Pacific Fisheries Corporation ([illegible]).
Palace Market, Meat & Provision Co. ([illegible]).
Parkside Land Co. ([illegible]).
W. B. Parrett Co. (842).
Pay-As-You-Enter Car Corporation ([illegible]).
Peerless Packing Co. ([illegible]).
Peninsular Industrial Co ([illegible]).
Pennsylvania Investors Co. ([illegible]).
Peoples Ice & Cold Storage Co. ([illegible]).
Peoples' Stockyards State Bank (Chicago) ([illegible]).
Peoples Trust & Savings Bank (Chicago) ([illegible]).
Pine Bluff Cotton Oil Mills ([illegible]).
Pittsburg Provision & Packing Co. (14[illegible]).
Pittsburg Union Stock Yards Co ([illegible]).
Plankinton Packing Co ([illegible]).
Planters Fertilizer & Chemical Co. ([illegible]).
Planters Gin, Little Rock, Ark. ([illegible]).
Planters Gin, Rosenberg, Tex. ([illegible]).
E. K. Pond Packing Co. ([illegible]).
Portland Abattoir (15[illegible]).
Portland Cattle Loan Co. ([illegible]).
Portland Rendering Co. ([illegible]).

Universal Serum Co. (68).
Ute Produce Co. (549).
Utility Operating & Supply Co. (199)
Vancouver-Prince Rupert Meat Co., Ltd. (189).
Van Iderstine Co. (98).
Van Wagenen & Schickhaus Co. (165).
Vermont Supply Co. (482).
Vin Fiz Co. (590).
Wabash Packing Co. (145).
Waco Cotton Oil Mill (277)
Wakefield & Co. (493).
Wallabout Market Packing Co. (483).
Walla Walla Meat & Cold Storage Co. (639).
Wearside Refining Co., Ltd. (394).
West Cotton Oil Mill (278).
West Philadelphia Stock Yards Co. (654).
West Side Trust & Savings Bank (Chicago) (134).
The West Texas Town Lot Co. (730).
Western Casualty Co. (558).
Western Cold Storage Co. (360).
Western Meat Co. (69).
Western Packing Co. (166).
Weymouth Wool Co. (604).
T. H. Wheeler Co. (416).
Sherman White & Co.. (79).
Whitehaven Gin Co. (279).
White, Pevey & Dexter Co. (167)
Whitewright Gin (280).
Whitman & Pratt Rendering Co. (386).
Wichita Cattle Loan Co. (650).
Wichita Union Stock Yards Co. (652).
Willard Supply Co. (430).
B. K. Willard Co. (605).
Wilson & Co. (N. J.) (494).
Wilson & Co., Inc. (Cal.) (175).
Wilson & Co., Inc. (La.) (495).
Wilson & Co., Inc. (Okla.) (176).
Wilson & Co., Inc. (Tenn.) (342).
Wilson & Rogers (484).
Wilson Car Lines (390).
Wilson Commission Co. (496).
Wilson Fisheries Co. (224).
Thos. E. Wilson & Co. (612).
Winchester Tannery Co. (321).
T. D. Winders (550).
Winslow Bros. & Smith Co. (Boston) (304).
Winslow Bros. & Smith Co. (New York) (417).
Wisconsin Dairy Products Co. (347).
D. E. Wood Butter Co. (349)
Woodlawn Trust & Savings Bank (Chicago) (626).
Worcester Rendering Co. (387).
James Wright & Co. (504).
Wylie Gin (281).
Yakutat & Southern Railway Co. of Washington (568).
Yakutat & Southern Railway Co. of West Virginia (569).
Yankton Stock Yards (41).

SUMMARY OF NUMBER OF COMPANIES.—The following table summarizes the companies in Lists 1 to 7, showing the number controlled, the number in which a minority interest is held, and the number in which the extent of packer interest was not ascertained:

TABLE 63.—*Number of subsidiary and affiliated companies controlled by the Big Five and of companies in which they have minority interests or interests of unknown extent.*

	Joint.	Armour.	Cudahy.	Morris.	Swift.	Wilson.	Total.
(1) Known to be controlled:							
Joint control	75						75
Several control		108	13	37	147	63	368
Trade names		24		10	97		131
Total	75	132	13	47	244	63	574
(2) Minority interest	27	27	3	11	24	3	95
(3) Extent of interest not known:							
Additional companies, interest or affiliation indicated by directors	15	14	4	5	24	8	70
Additional companies included in Swift's "Our companies" list and interest therein admitted					15		15
Additional companies in "Our companies" list, interest not yet admitted					4		4
Additional companies in "Corporation record" file of Henry Veeder					4		4
Total	15	14	4	5	47	8	93
Grand total	117	173	20	63	315	74	762

FURTHER INDICATIONS OF PACKER INFLUENCE.

In the tables of companies in which minority holdings are owned by the packing companies or members of the five families (pp. 317 to 320) are several in which packer employees and close business associates of the packers own additional stock, which, coupled with that

of the corporations or the families, would give control. It is probably safe to assume that the stock held by packer employees and confidential men, though held for their personal profit, may usually be counted to vote in accordance with the policy of the packers. Moreover, there are several companies in which packer employees and business associates of the packers own important or majority blocks of stocks. These, though not included at all in the foregoing tables are probably fairly within the sphere of influence of the packers in the sense that they could be counted on to further the general policies of the packing companies, and to aid them as against competitors. Other companies have connections of still other kinds, bringing them, more or less, within the influence of the big packers.

None of these companies have been counted as controlled, and they are not included in the summary table of companies just given except so far as the packers themselves have minority holdings in them. It seems desirable, however, to set forth in the present part of this chapter such facts as the Commission has ascertained regarding them. The companies are grouped with reference, more or less, to their business functions, as were the companies in the tables.

Section 7.—Additional connections with the cattle-feeding and cattle-loan business.

In addition to the Swift interest in the Eastern Oregon Land & Livestock Co. (No. 118, p. 300) and the United States Farm Land Co. (Chowchilla Ranch) in California (No. 662a, p. 320), the following correspondence of January, 1915, from the Western Meat Co.'s files indicates that a large tract of Mexican land was then owned by Cudahy:

Los Angeles, Cal., 1/25/15.

Dear Fred [F. L. Washburn, president Western Meat Co.]:

Edw. F. [Swift] asks me to write you and ask you to wire him reply soon as can. The holders of the mortgage ask full payment of mortgage $400,000.

Could a loan be made there for say four years, or five years taking that land & L. F. & Edw. F. personally as additional security—$300,000 to $400,000.

Hope you got home safe. Maner was phoning for you Monday.

Yours,

[Signed] O. L. Galbreth,

[Western Union Day Letter. 32 Blue 1 Extra.]

Ns San Francisco, *Jan. 27, 1915.*

O. L. Galbreth (personal),

Care Swift and Co., Los Angeles, Cal.

Answering have tried all possible places and even if land located in United States absolutely no chance any our banks making loan and location of property in Mexico entirely clinches the matter.

F. L. Washburn.

2 sf w 928–a

JAN. 28, 1915.

Mr. EDW. F. SWIFT,
c/o Hotel Huntington, Pasadena, Cal.

DEAR SIR: Referring to the question of securing $300,000/$400,000 from our local banks to take up mortgage on the Cudahy property in Mexico:

Write to say that Mr. Shugert and the writer made every reasonable effort to do what we could in this direction, but there was absolutely no chance, all of the Bankers looking upon property in Mexico (regardless of its proximity to the American boundary) as very poor security on a loan of this kind.

The First National Bank took this matter up with their executive committee and reported unfavorable; while Mr. Hellman and Mr. Lipman, of the Wells Fargo Nevada National Bank, had no hesitancy in saying that there was absolutely no money in San Francisco in anyone's hands which was open for an investment of this character. As a last resort we went to the German Savings and Loan Society (our largest savings institution) and their reply was exactly in line with the others.

All the Bankers seemed to figure that an investment in Mexico was a pretty big gamble, and thought that even though the price of the land was reasonable, this would be offset later on by high taxes, unsettled working conditions and the possibility of trouble in title.

I regret very much that we were unable to accomplish anything.

Yours respectfully,

[Signed] F. L. WASHBURN.

FLW-O.
cc-Mr. O. L. Galbreth.

Morris interests have, for some years, engaged on a moderate scale in a cattle-feeding business at Peoria, Ill. J. Ogden Armour, in 1917, was interested in the same kind of business at Peoria and at Pekin, Ill., with E. F. Keefer and others, his share in the undertaking being one-half in a total investment of about $600,000.

In securing information on cattle loan companies, the Commission did not send schedules to all companies, and for this reason the information presented in the tables is more or less incomplete.

At a hearing conducted by the Office of Markets and Rural Organization, Department of Agriculture, in Chicago, November 15 and 16, 1915, a list of cattle loan companies was given by Mr. A. E. de Ricqles, of Denver, Colo., then chairman of the committee on stockyards and live-stock exchanges of the American National Livestock Association, and also one of the principal stockholders of the American Livestock & Loan Co. of Denver. Mr. de Ricqles filed the list with the following remarks:

I have prepared herewith and present for your consideration a table showing the cattle loan companies in this western country that are owned and controlled by the packing interests.

Those companies on Mr. de Ricqles's list which are not included in the above tables are the following:

Chicago Drovers Cattle Loan Co.
South Omaha Cattle Feeders Loan Co.
Kansas City Stock Yards Loan Co.
East St. Louis Cattle Loan Co.
Sioux City Cattle Loan Co.
Oklahoma Cattle Loan Co.

Section 8.—Chicago Stock Yards Co.

The Chicago Stock Yards Co. of Maine and the underlying companies have been listed in the tables with brief notes regarding their relation to each other and regarding their ownership. The story of this company and its allied companies has been referred to on page 283 and is told in full in a subsequent part of this report where there is a discussion of the history of the Chicago yards and of the packers' relations with the yards companies, the bonuses received, and particularly a full discussion of the question of the ownership and control of these yards.[1]

It should be noted here that the Chicago Junction Railway & Union Stock Yards Co. of New Jersey, a holding company, owns all of the stock of the operating companies, namely, the Union Stock Yards & Transit Co., the Chicago Junction Railway, and also owns the trust certificates of the Central Manufacturing District, the latter being a trust, not an incorporated company.

There are 130,000 voting shares issued by the New Jersey company, over 31,000 of which are held by the Chicago Stock Yards Co. of Maine, in return for which the Maine company has issued bonds at the rate of two to one. It also guarantees the bond interest—6 per cent on the preferred shares and 9 per cent on the common stock of the New Jersey company. Any surplus above the sum necessary to meet these payments goes as profit to the Maine company for acting as guarantor.

The Chicago Stock Yards Co. of Maine has issued 80,000 shares of voting stock, of which, according to the records, F. H. Prince and his wife, Abby Norman Prince, own 80.6 per cent and J. Ogden Armour 19.4 per cent. F. H. Prince also holds 18,162 shares in the New Jersey company.

The surplus earnings of the New Jersey company and of the underlying companies that actually operate the Chicago yards go to the Chicago Stock Yards Co. of Maine, quite irrespective of the matter of stock ownership. If it did not own a single share of the New Jersey company's stock, the Maine company would yet, under the contract, receive all of the surplus earnings.

Section 9.—Relations with additional slaughtering companies.

The Hammond-Standish Co.—This company, through its principal stockholders, James D. Standish, and Charles F. Hammond, claims to be independent of the Big Five. However, Standish is treasurer of the Detroit Beef Co., in which J. O. Armour and the estate of the late James D. Standish each own 38.6 per cent and which is listed by Armour & Co. as one of its meat consignees.

[1] See Part III, Chapter V.

Charles F. Hammond is of the Hammond family that built up the G. H. Hammond Co. and the Hammond Packing Co., which were important companies among those bought up to form the National Packing Co., controlled by Swift, Armour, and Morris interests. The late James D. Standish was one of the directors of the National Packing Co.

A. D. DAVIS PACKING CO., INC.—The A. D. Davis Packing Co., Inc., which operates a slaughtering plant at Mobile, Ala., is under contract with Wilson & Co. of New Jersey, a subsidiary of Wilson & Co., Inc., to slaughter on a fixed commission of $1.25 per head cattle imported by Wilson & Co. from Central America or other foreign ports. Under this contract Wilson & Co. agrees to furnish the Davis company a minimum monthly kill of 2,000 head of cattle unless regulation of such importations should prevent.

SMALL PACKERS AT DENVER.—At Denver the only two companies outside of Swift & Co. and Armour & Co. which own slaughtering plants are the Denver Packing & Provision Co. and the Coffin Packing Co. The Coffin Packing Co. is controlled by W. W. Blayney, who also controls the Denver Packing & Provision Co. Letters secured by the Commission from the files of the Cudahy Packing Co. show that Blayney is a representative of the Cudahy company, sells Cudahy products, and keeps the Cudahy officials advised on business conditions in the State.

There are seven independent companies in Denver, all of which depend more or less upon the Coffin Packing Co. and Denver Packing & Provision Co. for slaughtering facilities. Testimony taken by the Commission and reports of examiners give evidence that these smaller companies by having to use the Blayney plants are charged exorbitant rates for killing and are forced to sell their by-products to the slaughterer at such prices as are named by the latter.

PACKERS AT BRIGHTON, MASS.—Leasing contracts with the Butchers Slaughtering & Melting Association, a Swift subsidiary at Brighton, Mass., were referred to above.[1] The Butchers Slaughtering & Melting Association controls the only abattoir at which slaughtering is permitted under the sanitary regulations in that vicinity. The M. Mindick Co., one of the lessees of these slaughtering facilities, is required to sell both edible and inedible products to the lessor. Another, the Brighton Dressed Meat Co., is forced to sell all inedible products to the lessor, and Cunningham & Sons Co. must turn over all rejected hog hair and offal and is further restricted from carrying on a general tallow or oleomargarine rendering business.

SAMUEL PLAUT.—Samuel Plaut, a wholesale butcher of New York City, has a verbal agreement with Wilson & Co., Inc., under which he

[1] P. 281.

delivers to that company, which is the lessor of the plant, all of the small offal and also such feet as he is otherwise unable to dispose of. He is required to sell all his hides and fat to Wilson & Co., Inc., at its own figure and pays 30 cents per head for refrigeration.

Section 10.—Additional relations with the leather industry.

ROSMAN TANNING EXTRACT CO.—In the table of minority holdings of Swift & Co. is listed on page 320 its holding of 17 per cent of the stock of the Rosman Tanning Extract Co., of Rosman, N. C. Other large holdings in the stock of the Rosman Tanning Extract Co. are in the names of Jos. S. Silversteen, M. Dworetsky, M. Osmansky, and Jos. M. Schain, who are officers of the Toxaway Tanning Co., Rosman, N. C., which, as noted below, tans hides on contract for Swift & Co.

HOWES BROS. CO.—F. L. & E. G. Howes, of Howes Bros. Co., tanners, at Boston, Mass., are interested in the St. Joseph Tanning Co., in which Swift & Co. owns 50 per cent, and in which the Howes brothers' interests are the next largest holders, having 16.5 per cent and, including proxies, 33 per cent. The Howes brothers are themselves the principal stockholders in the Michigan Tanning & Extract Co., Petoskey, Mich.; the Pocahontas Tanning Co., Wheeling, W. Va.; and the Howes Bros. Co., as well as creditors of the Loescher Tanning Co., Muskegon, Mich. Swift & Co. has or has had contracts with all of the four last-named companies either for the tanning or selling of its hides and leather, the contract with the Loescher company being exclusive.

Howes Bros. Hide Co., which is controlled by Howes Bros. Co., reported stock holdings in the following companies:

West Hickory Tanning Co., West Hickory, Pa.
Tanners Cut Sole Co., Boston, Mass.
Boyne City Chemical Co., Boyne City, Mich.
Seaboard Chemical Co., Newark, N. J.
East Jordan Chemical Co., East Jordan, Mich.
East Jordan Furnace Co., East Jordan, Mich.
East Jordan Land & Improvement Co., East Jordan, Mich.
Southeastern Ohio Railway Co.
Bank of Durbin, Durbin, W. Va.
Huntington Shoe & Leather Co., Huntington, Ind.
Alcohol Products Co., Newark, N. J.
Howes Bros. Co., Boston, Mass.
Cardem Process Co., New York, N. Y.

TANNING CONTRACTS OF THE BIG FIVE.—The big packers have, or until recently have had, contracts for the tanning of their hides with the following companies, details as to these contracts being cited above on page 208.

Armour & Co.:
- Chain Leather Co., 51 Walnut Street, Peabody, Mass.

Cudahy Packing Co.:
- The Stresau-Becker Leather Co., 1310 North Halstead Street, Chicago, Ill.
- Kistler-Lesh & Co., 319 A Street, Boston, Mass.

Morris & Co.:
- Central Leather Co., New York, N. Y.
- Union Tanning Co. (subsidiary of Central Leather Co.), New York, N. Y.
- Wallin Leather Co. (subsidiary of Central Leather Co.), Grand Rapids, Mich.
- J. R. Cover & Sons, Elkton, Va.
- Deford Co., Baltimore, Md.

Swift & Co.:
- Leas & McVitty, Inc., 303 Vine Street, Philadelphia, Pa.
- Janney & Burrough, Inc., 315 North Third Street, Philadelphia, Pa.
- Schlosser Leather Co., 258 North Third Street, Philadelphia, Pa.
- Park Run Tanning Co., Pine Grove, Pa.
- Gensemer & Salen Tannery, Pine Grove, Pa.
- Millville Tanning Co., 351 North Third Street, Philadelphia, Pa.
- Mount Union Tanning Co., Mount Union, Pa.
- Transylvania Tanning Co., Brevard, N. C.
- Loescher Tanning Co., Muskegon, Mich.
- Pocahontas Tanning Co., Wheeling, W. Va.
- Winslow Bros. & Smith Co. (an Armour subsidiary), Norwood, Mass.
- Michigan Tanning & Extract Co., Petoskey, Mich.
- Toxaway Tanning Co., Rosman, N. C.
- E. Cummings Leather Co., Woburn, Mass.

Wilson & Co., Inc.:
- George Blodgett Co., San Francisco, Cal.
- Janney & Burrough, Inc., 315 North Third Street, Philadelphia, Pa.
- Millville Tanning Co., 351 North Third Street, Philadelphia, Pa.
- Park Run Tanning Co., Pine Grove, Pa.
- Gensemer & Salen, Pine Grove, Pa.

These contracts represent work done for the packers by companies not reported by them as owned. The amount of work thus done on contract varies with the different companies and forms a varying proportion of their respective total outputs.

Section 11.—Armour & Co. fertilizer subsidiaries.

In connection with the listing in the tables of the Farmers' Cooperative Fertilizer Co. as a subsidiary of Armour & Co., it may be noted that in 1916, in the course of the Federal Trade Commission's investigation of the fertilizer industry, it was found that certain large fertilizer companies, including Armour & Co., were holding out their secretly controlled subsidiaries as independents in the fertilizer trade. As a result of conferences then held by the Commission it was voluntarily agreed by these companies to identify their subsidiary and affiliated fertilizer concerns with the parent companies by using on letter heads, advertisements, containers, etc., such expressions as "owned by," "branch of," or "affiliated with."

Armour & Co., under this agreement, was to identify the following companies as "Armour owned":[1]

Hope Fertilizer Co.
Marietta Fertilizer Co.
Macon Fertilizer Works.
Continental Fertilizer Co.
Rome Oil & Fertilizer Co.
Tuscarora Fertilizer Co.
Louisville Fertilizer Co.
Planters' Fertilizer & Chemical Co.
Tennessee Chemical Co.
Jones Fertilizer Co.
Farmers Cooperative Fertilizer Co.

In the present investigation it was found that Armour & Co. was holding out that the Farmers Cooperative Fertilizer Co., Inc., was independent and had not identified it to the public or the trade in any way as Armour owned. The Commission, therefore, on December 31, 1918, issued a formal complaint against Armour & Co. and against the Farmers Cooperative Fertilizer Co., Inc., for using unfair methods of competition in this respect, and after due report of its findings of facts, issued an order to cease and desist. Armour & Co., by a stipulation of facts, facilitated the issuance of the order and consented thereto.

It may be further observed, in connection with the voluntary agreement in 1916, that Armour & Co. then had two inactive companies—the Plummer Supply Co. and the Agricultural Supply Co.—which were to be identified as Armour owned if they should again engage in business. Ten other Armour subsidiaries were then inoperative and in process of liquidation, namely:

Boaz Fertilizer Co., Boaz, Ala.
Jackson County Fertilizer Co., Winder, Ga.
Metter Fertilizer Co., Metter, Ga.
Alaga Fertilizer Co., Fort Gaines, Ga.
Griggs Fertilizer Co., Doerun, Ga.
Tri-County Fertilizer Co., Royston, Ga.
Green County Fertilizer Co., Pendergrass, Ga.
Tatnall Fertilizer Co., Hagan, Ga.
Unadilla Fertilizer Co., Unadilla, Ga.
Cartersville Guano Co., Cartersville, Ga.

MINERAL PRODUCTS CO. AND MINERAL PRODUCTS CORPORATION.—The Mineral Products Co. (West Virginia) was organized in 1913 for the purpose of obtaining potash from an American source. Howard F. Chappell, a former Armour representative in German potash syndicate arbitration matters, who had been interested in the proposal by C. H. MacDowell, president of the Armour Fertilizer Works, went west and located a deposit of alunite. He organized the

[1] Report on the Fertilizer Industry, Washington, 1916, p. xix, and p. 201.

Mineral Products Co. and held a majority of the shares in his own name, most of the remainder being held by Armour & Co. officials, J. Ogden Armour holding 5 per cent and C. H. MacDowell 26 per cent. Experiments were carried on in the laboratory of Armour Fertilizer Works and patents developed became the property of the Mineral Products Co. except as license was granted to the Armour Fertilizer Works.

Later the Mineral Products Corporation was organized as the operating company, the majority stock of which was owned by the Mineral Products Co., and for a while a voting trust agreement existed between H. F. Chappell and C. H. MacDowell, but this was dissolved in 1916. Contract was made for the sale of the total output to the Armour Fertilizer Works, but recently a small proportion has been sold to outside concerns.

Indications of close relationship with Armour & Co. are evident from the fact that in December, 1917, Chappell, according to letters found in the files of Armour & Co., desired to sell the business, but J. O. Armour advised him not to accept $2,000,000 for the company. Later Chappell tried to buy MacDowell's stock, but Charles J. Faulkner, jr., chief counsel of Armour & Co., advised MacDowell not to sell "without full understanding as to the future management of the business."

Armour & Co. reports in April, 1919, that the Armour Fertilizer Works has purchased the entire capital stock and assets of the Mineral Products Corporation, the operating company.

Section 12.—Relation of Armour interests to stock-feed companies.

GOLDEN GRAIN MILLING CO., ARCADY FARMS MILLING CO., TRIANGLE MILLING CO., AND ALLIED COMPANIES.—Arthur Meeker, vice president of Armour & Co., controls the Golden Grain Milling Co. and the Arcady Farms Milling Co., and these two companies together own all the stock of the Triangle Milling Co.

Of the $151,500 stock of the Golden Grain Co., $74,500 stands in the name of Arthur Meeker, and $14,200 additional has been transferred to him by F. Edson White, also vice president of Armour & Co., thus giving Meeker 58 per cent of the stock. In addition, Grace Meeker Cramer and Katharine Meeker Gray own $20,000 of the capital stock, and O. E. M. Keller owns $27,800 of it, which, however, is assigned to Arthur Meeker as collateral for a loan.

The Arcady Farms company, engaged in grain dealing in Chicago, has $150,000 capital stock, of which Meeker owns $119,700 and O. E. M. Keller owns $30,100, $20,100 of which is assigned to Meeker as collateral.

O. E. M. Keller is the record holder of 300 shares out of the 500 shares of common stock of the Triangle Milling Co., of North Kansas

City, but since he holds this for the Arcady Farms company it is evident that the real control of the Triangle company lies with Meeker. The Golden Grain Milling Co. also holds 200 shares of Triangle company stock, shown on the record as belonging to H. H. Smith, W. A. Baumgartner, and E. L. Solfisburg. The Triangle Milling Co. in turn owns 90 per cent of the Farmers Alfalfa Milling Co.

Arthur Meeker also owns 59 per cent of the Cloverleaf Milling Co.'s stock. This company is located at Buffalo, and its capital stock is $150,000.

All of these milling companies are engaged in the business of manufacturing stock feeds, such as alfalfa meal, molasses feed from wheat products, horse and mixed stock feed. O. E. M. Keller, 208 South La Salle Street, Chicago, is president of all of them.

Section 13.—Additional relation with food companies.

California Packing Corporation.—There is a contract in effect between Armour & Co. and the California Packing Corporation whereby Armour & Co. is allowed to sell for the California company all of its production of canned fruit and vegetables which Armour & Co. desires to handle. This amounted, in 1917, to approximately one-fifth of the production of the California company.

New England Supply Co., Crown Food Products Co., Indian Packing Co., and Comstock & Co.—The New England Supply Co., of Providence, R. I., is a manufacturer and jobber of various food products and a distributor of other food lines. It controls the Crown Food Products Co., of Providence, and the Indian Packing Co., a meat-canning company, of Green Bay, Wis. The company is controlled by F. P. Comstock, who holds slightly more than one-half of the outstanding shares. This stock was assigned to him with voting rights for the indorsement of notes of the New England company.

There is a certain amount of community of interest between Swift interests and the New England Supply Co., as shown by the fact that F. P. Comstock owns $133,300 common stock in Swift & Co., $18,700 in the New England Dressed Meat & Wool Co., $14,000 in John P. Squire & Co., $4,000 in the Union Rendering & Refining Co., and $17,500 in the St. Joseph Stock Yards Co., in all of which companies Swift interests are important or controlling.

F. P. Comstock is also a partner in Comstock & Co., a Comstock family partnership, engaged in slaughtering at Providence, R. I., where J. F. Comstock & Sons Co. is a consignee of Swift & Co.

Former control of Lewis E. Sands & Co.—Two-thirds of the stock of Lewis E. Sands & Co., wholesale dealers in beans and grain, Albion, N. Y., was reported in the schedules as owned by the Lewellyn Bean Co., a 51 per cent subsidiary of Armour & Co. The

Commission has been subsequently advised by an official of Armour & Co. that the Lewellyn Bean Co.'s holding in Lewis E. Sands & Co., was sold to Lewis E. Sands, effective November 9, 1918.

OTHER PRODUCE CONCERNS AFFILIATED WITH W. F. PRIEBE & CO.—In the list on page 313 the acknowledged holdings of W. F. Priebe & Co. are shown. The Commission has evidence tending to show control of other concerns by W. F. Priebe & Co. At the Chicago office of W. F. Priebe & Co., a subsidiary of Swift & Co., it was stated that the Western Packing Co., of Spirit Lake, Iowa, is not a subsidiary of the Priebe company. This seems to be contradicted by correspondence in the files of the Priebe company. In February, 1918, letters were written to the Priebe branch houses asking for lists of employees and salaries paid. One of these letters was sent the Western Packing Co. and the reply gave the information asked.

The branch houses of Patterson & Plunkett at Viola and New Windsor, Ill., and the Centralia Butter Co. at Centralia, Ill., were said not to be owned by the Priebe company. Of the former W. F. Priebe & Co. handles the entire output of poultry (but not eggs), and for the latter all goods are sold by Priebe.

Neither does the Priebe company acknowledge ownership of A. B. Cole & Sons, California, Mo., claiming merely that it sells poultry on commission. A letter from A. B. Cole to W. F. Priebe under date of July 5, 1917, states that shipments of feed had been sent to Cole & Sons by W. F. Priebe & Co. and reconsigned to the F. M. Stamper houses. The F. M. Stamper Co. while not admitted to be owned was found, when the list of stock holdings was scrutinized, to be 54 per cent owned by W. F. Priebe, who reports it as his personal holding.[1] This company has several subsidiaries.[2]

The firm of Brink & Pilat sell on commission all poultry consigned by express to W. F. Priebe & Co. at Chicago. The John L. Brink Co. until March, 1918, sold on commission poultry consigned to it by agents of the Priebe company, but since March 1 has made direct purchases. In both cases all payments were made to W. F. Priebe & Co. and not to the buying agents sending in the produce.

Section 14.—Insurance companies.

Attention should be called to the nature of the insurance companies listed in Table 65, page 314. The Interstate Insurance Exchange (Swift), the Security Mutual Casualty Co. (Swift), and the Western Casualty Co. (Armour) are all mutual concerns, apparently made up entirely of concerns owned by the primary company interest. The

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[1] As noted in the list, p. 313, No. 547.

[2] See list, p. 313, Nos. 531, 532, 533, 538, 540, and 541.

concerns insured by these three institutions and not named in the tables listed above are:[1]

Acme Manufacturing Co., Fort Worth, Tex.
Banhof, Wm. (gin), Melvin, Tex.
Buchan Gin Co., De Leon, Tex.
Buchan & Son (gin), Desdemona, Tex.
Caddo Mills Gins, Caddo Mills, Tex.
Davis, J. B. (gin), Dublin, Tex.
Henderson, E. (gin), Brookesmith, Tex.
Love & Son (gin), De Leon, Tex.
Osage Gin, Osage, Tex.
Plano Gin, Plano, Tex.
Rotan Grocery Co. (gin), Purves, Tex.
Sadler Gin, Coryell, Tex.
Perry Gin, F. S., Gorman, Tex.
Perry Peanut Mill, F. S., Gorman, Tex.
Perry & Co., N. A. (gins), Brownwood, Tex.
Stevenson Gin, W. T., Dublin, Tex.
Turnersville Gin, Turnersville, Tex.
Western Flour Mills Co., Davenport, Iowa.
Williamson, A. L. (gin), Rochelle, Tex.

Complete lists of the concerns which these three packer insurance companies reported as assured by them are given in Exhibits XIV to XVI (pp. 539 to 544).

Section 15.—Financial relations with publications.

The data here given regarding the relations of Armour & Co., Swift & Co., and Morris & Co. with certain publications are supported in detail by letters from the packers' files which will appear in a subsequent part of the report.

THE NATIONAL PROVISIONER.—The National Provisioner is one of the trade journals frequently quoted as the source of authoritative information regarding the meat industry. Letters found in the files of Swift & Co. in the vault of Henry Veeder prove that an editor of the National Provisioner who was also secretary of the American Meat Packers' Association, was paid an annual fee of $5,000 by three of the big Chicago packers. This sum was prorated among Swift & Co., Armour & Co., and Morris & Co. Veeder, in his letters to these packers asking for their proportions of the fee, speaks of the excellent service performed in return for it.

FORT WORTH STAR TELEGRAM.—From 1911 to 1915 Swift & Co. held a note for $5,000 given by Louis J. Wortham and A. G. Carter, of the Fort Worth Publishing Co., which publishes the Fort Worth Star Telegram, which was secured by 50 shares of stock of the above company. Swift & Co. had owned these 50 shares, but sold them to Wortham and Carter, taking in payment the time notes referred to.

[1] These are all insured by the Security Mutual Casualty Co. (Swift), except the Acme Manufacturing Co., which is insured by the Western Casualty Co. (Armour).

During the year 1913 both Swift & Co. and Armour & Co., at Fort Worth, contributed $1,200 to the Fort Worth Publishing Co. as a payment to the company for publishing a page on hogs and hog raising in each of the Sunday issues for several weeks.

FORT WORTH RECORD.—During practically the same period the owner of the Fort Worth Record, Mr. G. W. Armstrong, owed Swift & Co. and Armour & Co., jointly, $10,000. After one renewal had been made it was decided by the packers to force payment, and the stock of Mr. Armstrong was sold in July, 1912, to Mr. Capps, of the law firm of Capps, Cantey, Hanger & Short. This firm are the attorneys for all the packer interests at Fort Worth. The following letter shows what was accomplished by the loan:

FORT WORTH, TEXAS., *Jan. 22, 1912.*

Mr. F. W. CROLL,
c/o Armour & Co., Chicago, Ill.

MY DEAR MR. CROLL: My notes in favor of Armour & Company and Swift & Company I think mature again on the first of February. I should like to have these notes extended for another year if it is agreeable. If not, I can sell the stock at a fair margin of profit and pay up the notes. I took this stock originally, and have retained it since, in the hope that by so doing I could be of some service to Messrs. Armour & Swift. I think that I have accomplished that end, and it may be that it is now no longer necessary for me to remain a stockholder and director on the paper. If you have had occasion to observe the editorial policy of the paper "before and after taking," I think you will note the change.

Please confer with Mr. Veeder, of Swift & Company, and advise me your wishes in the matter, and oblige.

Yours respectfully,

[Signed] GEO. W. ARMSTRONG.

Section 16.—Directorates held by directors and voting trustees of Wilson & Co., Inc.

Directors of Wilson & Co., Inc., and voting trustees of that company are associated with five powerful New York banks (Kuhn, Loeb & Co., Guaranty Trust Co., Chase National Bank, Hallgarten & Co., and William Salomon & Co.), as set forth in detail in Chapter IV of Part II of the report.

These banks have been included in the lists of those in which directorates are held by officers or directors of the packing companies. They were there listed, not to indicate control, in any sense, by Wilson & Co., Inc., but rather because the relation of these banks to the Wilson company is such as to assure it powerful cooperation and support.

The voting trustees and directors of Wilson & Co., Inc., who are also connected with the bankers in the Wilson deal, are these:

Voting trustees of Wilson & Co., Inc.:

A. Barton Hepburn, chairman of advisory board and director, Chase National Bank (N. Y.).

Chas. H. Sabin, president and director, Guaranty Trust Co. (N. Y.).

Harry Bronner, former member of firm, Hallgarten & Co. (N. Y.).

Elisha Walker, member of firm, William Salomon & Co. (N. Y.).

Directors of Wilson & Co., Inc..

W. P. Conway, vice president, Guaranty Trust Co. (N. Y.)

E. R. Tinker, vice president and director, Chase National Bank (N. Y.)

Elisha Walker, member of firm, William Salomon & Co. (N. Y.)

H. H. Wehrhane, member of firm, Hallgarten & Co. (N. Y.).

NOTE.—Thomas E. Wilson, one of the voting trustees and president and director of Wilson & Co., Inc., is also a director of the Guaranty Trust Co. (N. Y.).

These bankers in turn are directors of many other industrial corporations, some of which are in lines of business in which Wilson & Co., Inc., is engaged, and of railroads and financial institutions.

One instance is Elisha Walker, of William Salomon & Co., one of the five New York banking firms that financed the Wilson deal, and now a voting trustee of Wilson & Co., Inc., who is also a director of the California Packing Corporation, a corporation that is an important competitor of Wilson & Co., Inc., in the salmon fishing business, and in the distribution of canned fruits and vegetables.

Certain other directorates [1] held by bankers on the board of directors of Wilson & Co., Inc., or by its voting trustees are of interest:

A. Barton Hepburn, director:

The American Agricultural Chemical Co.

The American Cotton Oil Co.

Columbia Trust Co.

Great Northern Railway Co.

Sears, Roebuck & Co.

Charles H. Sabin, director:

Cuba Cane Sugar Corporation.

Gaston, Williams & Wigmore, Inc. (controlled by interests identified with Chase National Bank and Guaranty Trust Co., export, import, and shipping business).

Industrial Finance Corporation (Morris Plan Banks).

International Mercantile Marine Co.

Liberty National Bank (N. Y.).

Mercantile Bank of the Americas, Inc.

Union Exchange National Bank of New York.

National Railways of Mexico.

St. Louis-San Francisco Railway Co.

Seaboard Air Line Railway Co.

Texas & Pacific Railway Co.

New Orleans, Texas & Mexico Railway (voting trustee).

Harry Bronner, director:

Agricultural Credit Co.

Virginia-Carolina Chemical Co.

Belt Line Railway Corporation.

The Colorado & Southern Railway Co.

Equitable Trust Co. of New York (trustee).

International Mercantile Marine Co.

Elisha Walker, director:

New Orleans, Texas & Mexico Railway Co.

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[1] Directory of directors in the city of New York, 1917-18.

Edward R. Tinker, director:
United Dyewood Corporation (dyewood, dyestuffs, tanning extracts).
Merchants & Miners Transportation Co.
Missouri, Kansas & Texas Railway Co.
New York, Chicago & St. Louis Railroad Co.
Pittsburgh & West Virginia Railway Co.
Northwestern Mutual Life Insurance Co.

H. H. Wehrhane, director:
National Railways of Mexico.
Transatlantic Trust Co.

Section 17.—Armour and the American International Corporation.

J. Ogden Armour's minority holding of 10 per cent in the American International Corporation has been listed in the tables (p. 319), but the companies which the American International Corporation itself controls were not included. Since, however, Armour's interest extends, through the International, to these subsidiary companies they may be mentioned here and with them some in which the American International Corporation has a minority holding of stock.

The American International Corporation itself is a company of $49,000,000 authorized capital, of which only $60 per share had been paid in till April, 1919, when call was made for the remaining $40. It is engaged in the financing, promoting, and development of foreign trade. The chairman of its board is Frank A. Vanderlip, president of the National City Bank of New York City; its president is Charles A. Stone, of Stone & Webster, financiers, electrical engineers and managers of public utility properties; and its 24 directors are representatives of some of the strongest financial, manufacturing, and shipping interests in the country.

The American International Corporation thus describes its subsidiary and controlled corporations and the companies in which it has minority interests.

A. American International Corporation owns all of the capital stock of the following corporations, the principal offices of all of which are at 120 Broadway, New York City:

a. *Allied Machinery Company de France.*—A French corporation; capital, 1,000,000 francs: shares, 100 francs each, all issued; a trading and selling organization, authorized to manufacture and deal in machines and apparatus of all kinds, and for other related purposes.

b. *Allied Machinery Company of America.*—A New York corporation; capital, $200,000, half preferred, half common, all issued; shares, $100 each; engaged principally in buying and selling machinery, machine tools, accessories and machine parts, and goods of every kind, a large part of the business being for export to Europe; a trading corporation; no fixed property or plant.

c. *American International Shipbuilding Corporation.*—A Delaware corporation; capital, $2,000; shares, $100 each, all issued; organized for the purpose of assisting in carrying out a contract between the American International Corporation and United States Shipping Board Emergency Fleet Corporation for the construction of a shipyard.

d. American International Steel Corporation.—A Delaware corporation; capital, $1,000,000; shares, $100 each, all issued; engaged in the business of exporting steel and steel products.

e. Syminton Forge Corporation.—A New York corporation; capital, $5,000; shares, $100 each, all issued; organized for the purpose of assisting in carrying out a contract between American International Corporation and the United States Government for the manufacture of shell forgings.

B. American International Corporation, through the ownership of a majority of the capital stock or through arrangement, controls the following corporations, whose principal addresses are all at 120 Broadway, New York City, except where specially indicated:

a. Allied Construction Machinery Corporation.—A Delaware corporation; capital $250,000; shares $100 each, all issued; deals in construction machinery and equipment of all kinds for export and acts as agent or representative in handling such machinery, equipment, and appliances; a selling agency and trading organization.

b. Allied Sugar Machinery Corporation.—A Delaware corporation; capital, $200,000; shares $100 each, all issued; deals in sugar machinery and equipment for export and installation thereof.

c. American International Terminals Company.—A Delaware corporation; capital $100,000; shares $100 each, all issued; organized for purpose of investigating and developing terminal properties and conducting engineering and contracting work in connection therewith.

d. Carter, Macy & Company, Inc.—A Delaware corporation; capital $2,000,000 ($1,000,000 common, $500,000 first preferred, $500,000 second preferred); shares $100 each, all issued; wholesale tea business; branches in United States, Europe, and Far East; succeeding to the business of long-established copartnership of same name; principal address 142 Pearl Street, New York City.

e. The China Corporation.—A Delaware corporation; capital $1,000,000; shares $100 each, all issued; organized to obtain from any domestic or foreign government authority to hold, develop, sell, or otherwise dispose of rights, franchises or concessions, etc., and to enter into contracts with all kinds of governments.

f. G. Amsinck & Co., Inc.—A New York corporation; capital $6,000,000 ($4,000,000 common, $2,000,000 preferred); all issued; conducts general import and export business on commission basis, particularly between the United States and South American, Mexican, and Central American countries, having succeeded to the business of the long-established copartnership of the same name; principal office 6 Hanover Street, New York City.

g. The Latin American Corporation.—A Maine corporation; capital $1,000,000 ($800,000 common, $200,000 managers' shares); shares $100 each; 250 shares common issued; organized to conduct development, contracting, and engineering propositions and investigations in connection therewith, in South America and Central America; principal address 120 Broadway, New York City.

C. American International Corporation owns a minority interest, representing its investments, in the capital stock of the following corporations:

a. Grace Russian Company.—A Delaware corporation; capital stock $1,000,000 ($900,000 common, $100,000 managers' shares); general trading business between United States and Russia; principal address Hanover Square, New York City.

b. International Mercantile Marine Company.—A New Jersey corporation; capital $120,000,000 ($60,000,000 common, $60,000,000 preferred stock); issued, 498,720 shares common, 517,265 shares preferred; owns and operates merchant ships; principal address 11 Broadway, New York City.

c. International Products Company.—A Maryland corporation; capital $5,000,000 preferred stock and 10,000 shares common stock without par value; about three-fifths of both issued; organized to develop and conduct cattle raising and meat-packing

business in Paraguay, South America, and to develop quebracho extract, timber, and other allied businesses in Paraguay; company not yet engaged in active business; principal address 120 Broadway, New York City.

d. New York Shipbuilding Corporation.—A New York corporation; capital 200,000 shares without par value; conducts shipbuilding business, with plant at Camden, N. J.; principal office Camden, N. J.

e. Pacific Mail Steamship Company.—A New York corporation; capital $2,000,000 common, $2,000,000 preferred; shares, preferred $100, common $5 each; issued 17,000 shares preferred, 230,000 shares common; owns and operates steamships in Pacific Ocean waters; principal office 120 Broadway, New York City.

f. Rosin & Turpentine Export Company.—A Georgia corporation; capital $800,000 (half common and half preferred); shares $100 each; issued 3,000 shares common, 2,000 shares preferred; organized to conduct and develop export business in rosin and turpentine and kindred products; principal office 120 Broadway, New York City.

g. Siems-Carey Railway & Canal Company.—A Delaware corporation; capital $500,000 ($300,000 voting common, $100,000 nonvoting common, $100,000 preferred); shares $100 each; all of common and 150 shares of preferred issued; organized for purpose of construction, maintenance, and operation, or otherwise turning to account of canals, waterways, irrigation systems, railroads, railways, telegraph and telephone lines, etc., in foreign and domestic countries; principal address 120 Broadway, New York City.

h. United Fruit Company.—A New Jersey corporation; capital stock $75,000,000; shares $100 each; 487,924 shares issued; engaged in growing tropical products, manufacturing sugar, and operating steamships; principal address 31 State Street, Boston, Mass.

j. United States Industrial Alcohol Company.—A West Virginia corporation; capital stock $12,000,000 common, $8,000,000 preferred; all common and 78,016 shares preferred issued; owns and operates, through controlled companies, plants manufacturing denatured alcohol; principal address 27 William Street, New York City.

k. United States Rubber Company.—A New Jersey corporation; capital $120,000,000 ($40,000,000 common, $70,000,000 first preferred, $10,000,000 second preferred); shares $100 each; issued 360,000 shares common, 607,736 first preferred, and 4,036 second preferred; two subsidiary companies; manufactures all rubber products; principal address 1790 Broadway, New York City.

The statements of amounts of capital stock in the foregoing, except where reference is made to issued amounts, are of authorized amounts of capital stock, which, as to companies under heading "C," are based on information obtained from the Manual of Industrials for 1917.

Carter, Macy & Co., Inc., engaged in the wholesale tea business, reported to the Commission that its imports of tea by calendar years were 16,642,000 pounds in the calendar year 1914; 15,502,700 pounds in 1915; 18,084,800 pounds in 1916; and 18,711,432 pounds in 1917. Based on the company's compilation of the total quantity of all teas imported into the United States, Carter, Macy & Co. imported 17.7 per cent of the total imports in 1914; 14.4 per cent in 1915; 17.2 per cent in 1916; and 13.3 per cent in 1917.

Section 18.—The Swift-Tilden interrelations.

The close relations between the Swift interests and the late Mr. Edward W. Tilden, for many years prior to his death in 1915, have long been well known. Not only were they associated together as

stockholders in some of the Chicago banks, but Tilden was president of the National Packing Co., formed in 1903 by Swift, Armour, and Morris to effectuate their combination in the packing business following the court injunction restraining the "Veeder pools." In certain instances Tilden is known to have represented the Swift interests, or perhaps the combined Swift, Armour, and Morris interests, in securing, or attempting to secure, secret control of competing companies. Thus he was the agent through whom Swift acquired a secret interest in the Schwarzschild & Sulzberger Co. which led to the reorganization of that company into Sulzberger & Sons Co. under a compromise agreement between Sulzberger and Swift. (See Part II, p. 163.)

Edward Tilden, sometime prior to 1908, negotiated the securing of secret control of the New York Butchers Dressed Meat Co., a slaughtering company formed by certain butchers of New York City to protect themselves against the large packers. Tilden, working through Frederick Joseph, secured the majority of the stock for the National Packing Co. Tilden also made unsuccessful efforts to acquire control, similarly, of a butchers slaughtering company in Chicago, the Western Packing & Provision Co., in this case working through James S. Agar, then president of the company. Tilden's connection representing Swift in the distribution of the cotton oil mills, which had been secretly held by Swift, Armour, and Morris, interests has been already referred to.[1]

The closeness of these various relations with Swift is perhaps best expressed by quoting Germon F. Sulzberger's memorandum in the "Black Book" reporting Louis F. Swift's own statement. This was in connection with Sulzberger's suggestion that Edward Tilden should personally acquire the Sulzberger & Sons Co.:

> Louis [Louis F. Swift] explained that Rapp [Cravath] had talked to Veeder and that they had found no proper way of proceeding. I explained that I must have evidently misunderstood Rapp [Cravath] as he told me that they had decided that the thing could legally be done, and taken over by Black [Tilden], and also that H [Swift] individually could acquire the property. Louis, however, explained that no matter what would be done the people would always understand that any property which Black [Tilden] would acquire would in fact represent H [Swift] interests, and no matter what might be said to the contrary the impression would always be that H [Swift] was controlling.[2]

Edward A. Tilden died on February 5, 1915, and the executors of his estate were Antje Tilden, Averill Tilden, and Henry J. Aaron.

L. B. Patterson, who was formerly manager of Swift & Co.'s Omaha branch and was vice president of the National Packing Co., prior to its liquidation in 1912, is understood to be the active manager of the Tilden estate.

[1] See p. 220.

[2] Part II, p. 233.

Prominent among the group associated with the Swifts and the Tildens are A. R. Fay, transportation manager of Swift & Co.; W. F. Burrows, president of Libby, McNeill & Libby, a Swift subsidiary; C. A. Bickett, C. F. Bean, Frederick Cowin, and Bryan G. Tighe; as well as Henry J. and Charles Aaron. In some of the companies Irving and Walter Blumenthal or their families are represented, these two men being officials of Swift & Co.'s subsidiary, the United Dressed Beef Co. of New York City. Patrick Brennan, of the Independent Packing Co. of Chicago, and James Agar, of the John Agar Co., packers, are also interested in some of the Swift-Tilden corporations.

FUNCTIONS AND BUSINESS RELATIONS OF THE COMPANIES.—There are several companies in which the Swift and Tilden families, or they together with a number of their associates, own a majority of the stock. The group of companies thus controlled includes concerns in various lines—manufactured ice, coal, brasses and bearings, bar iron, banks and trust companies, and a commercial paper house. Besides the business interrelations of these companies with each other, all of them have business relations with one or more of the large packing companies or their subsidiaries, or with railroads handling the traffic of the packing houses, these relations being principally the furnishing of credit or supplies.

The banking connection enables the manufacturing companies to secure credit and obviates the necessity of bonded indebtedness. Starting with small capitalization, most of them have increased their capital stock greatly through stock dividends, as their earnings have generally been large.

The various companies of the Swift-Tilden group are separately mentioned here in some detail, though part of them have already been listed in the tables of Swift minority holdings.

MERRILL, COX & CO.—The "Black Book" taken from the files of Germon F. Sulzberger includes a statement made by Edward A. Tilden [Black] to Sulzberger in December, 1914, that Tilden owned the firm of Merrill, Cox & Co., note brokers, Chicago, his share in the company being about $700,000.[1] Merrill, Cox & Co., incorporated April 1, 1904, has its office in the Fort Dearborn National Bank Building. Of the $500,000 capital stock, $265,500 stands in the Tilden name. W. F. Burrows, H. A. Chetham, A. R. Fay, C. F. Stephenson, and other representatives of the Swift interests appear as stockholders. There appear also on the stockholders' list the names of Irving and Walter Blumenthal, of the United Dressed Beef Co. of New York (a Swift concern), and of Patrick Brennan, of the Independent Packing Co. of Chicago. The name of J. Ogden

[1] See Part II, p. 235.

Armour appears as holder of 100 shares of stock. Merrill, Cox & Co., in its capacity as a dealer in commercial paper, has loaned large sums to subsidiaries of Swift & Co. and also to certain concerns counted as independents—Roberts & Oake, Inc., slaughterers and packers, Chicago; Wilson Provision Co., Peoria; and Louis Pfaelzer & Sons, slaughterers and packers, Chicago.

These loans were as follows on June 30, 1917:

Libby, McNeill & Libby (subsidiary of Swift & Co.)	$5,042,500
The G. H. Hammond Co. (subsidiary of Swift & Co.)	2,472,500
Plankinton Packing Co. (subsidiary of Swift & Co.)	2,432,000
Total Swift subsidiaries	9,947,000
Independent packers:	
Louis Pfaelzer & Sons	330,000
Roberts & Oake, Inc	255,000
Wilson Provision Co. (Peoria, Ill.)	35,000
Total	620,000
Tanners:	
J. Greenebaum Tanning Co	225,000
The H. V. Bretney Co	30,000
Total	255,000

Hygienic Ice Co. and subsidiaries.—Some years ago when L. B. Patterson was still manager of Swift & Co.'s Omaha branch he started the Peoples Ice & Cold Storage Co. of Omaha, putting in charge his brother, H. E. Patterson, who had also been with Swift & Co. The Patterson brothers and W. R. Wood were the principal stockholders in the company, which was successful. Later the Hygienic Ice Co. of Illinois and the Hornell Ice & Cold Storage Co., Chicago, Ill., with plants at Hornell, N. Y., and Marion, Ohio, were formed with L. B. Patterson, the principal figure in each.

These three ice companies operated independently until 1913–14, when the Hygienic Ice Co. of Delaware was incorporated and paid a premium for all of the stock of the three companies, which still continue to operate. The Delaware company is a holding company with $2,500,000 capital stock outstanding. Since organization the holding company has paid dividends averaging about 7 per cent and has not accumulated any surplus of consequence.

Some car icing is done by the subsidiaries, but the greater part of the sales are to retail trade, some of which are made under contract.

According to information gathered by means of stock ownership schedules, the following is a list of the principal actual stockholders of the Hygienic Ice Co. of Delaware:

	Shares.	Per cent.
Edward F. Swift (in name of L. B. Patterson and C. F. Stephenson)	2,549	10.2
Employees of Swift & Co.	2,992	12.0
Edward Tilden & Co. and Tilden family	2,463	
L. B. Patterson and family	3,690	43.1
Other Tilden associates	4,631	
	16,325	65.3
Employees of Armour & Co.	308	1.2

Chicago Bearing Metal Co.—A monk at the monastery at Dubuque engaged in chemical research discovered a method of modifying babbit in such a way that brasses or bearings made therefrom were found to be sufficiently strong and could endure more friction than other brasses without getting too hot. The information regarding the early history of this company was given by A. F. McKeown, of Chicago.

Mr. McKeown's interest began only as the promotor of the company, but he succeeded in becoming the first president. Realizing the necessity of capital and influence, he approached the packers, whose interest he had difficulty in securing. After satisfactory tests had been made, however, backing was secured from the Swifts and Armours, who used many of the brasses in their cars and whose heavy traffic was an inducement for railroads to buy their brasses from the Chicago Bearing Metal Co. The Armour interests, however, did not continue.

The company was organized in 1906. Among the original stockholders, as remembered by McKeown, were the following: Montgomery Ward, A. R. Fay, Edward Tilden, C. A. Bickett, and Bryan G. Tighe. Mr. McKeown held a large part of the original stock of about $50,000. He stated that a few years after organization he was forced out of the company when his notes were called by the packers. Shortly after organization Benjamin Lowenstein of the Nassau Smelting & Refining Co., of New York, was admitted, resulting in beneficial relations between the two companies. The Lowenstein stock was that previously held by Montgomery Ward.

There is at present $3,030,000 stock outstanding. The amount paid in by stockholders in cash appears to have been not more than $250,000. Of the remaining $2,780,000 capitalization, $250,000 was issued for patents and $2,530,000 was issued for good will. Profits during the last five years' operation amount to $1,246,893.87, out of which cash dividends of 7 per cent were paid on the $1,000,000 capital stock outstanding from 1913 to 1916; and in 1917 6 per cent was paid on the trebled capitalization of $3,030,000. On November 3, 1917, there remained a surplus of $853,000.84. On the basis of $250,000 cash paid in, dividends of 185 per cent have been paid in

the course of five years, and surplus of nearly 350 per cent has accumulated.

The present directors of the company are: C. A. Bickett, president; George L. Miller, vice president and general manager; Bryan G. Tighe, Harry Dreyfuss, and Benjamin Lowenstein. L. B. Patterson is treasurer. Mr. Dreyfuss is an associate of the Lowensteins in New York.

Of the 30,300 shares of stock, the Lowensteins and Harry Dreyfuss own 6,087 shares. The largest individual owner of stock in the company is Edward F. Swift, though his name does not appear in the stockholders' list. He owns at least 6,990 shares. Of this amount he has 5,190 shares in three fictitious names (see p. 269) and he owns 1,800 shares that appear in the names of the two old employees, one of whom is no longer with Swift & Co.

Practically every remaining stockholder belongs to the Swift-Tilden group. Those familiar, among others, are the Aarons, Agars, Bicketts, Blumenthals, Fay, Frederick, Murphy, Newton, Patterson, Russell, Stephenson and Tighe, and Edward Tilden & Co. Fay owns 2,316 shares, all of which appear in the name of C. A. Bickett; Edward Tilden & Co. owns 2,238 shares, 1,200 of which appear in the names of other parties.

BICKETT COAL & COKE CO.—In 1905 there was incorporated the Bickett Coal & Coke Co., the original capital stock of which was $50,000, divided as follows:

C. A. Bickett	$25,000
Bryan G. Tighe	12,500
Thos. Gahan	12,500

It is the practice of the company to lend money to coal operators and take their output for disposal. The company has contracts for supplying coal to Swift & Co., Armour & Co., and Morris & Co., various railroads, the city of Chicago, and other industries and institutions in and near Chicago. An office is maintained in St. Louis, as well as Chicago, where many contracts are in force.

The capital stock authorized and outstanding in 1918 is $600,000. Stock dividends of $550,000 were declared as follows:

1906	$50,000
1907	100,000
1909	300,000
1911	100,000

On March 31, 1918, the company had a surplus of $772,254.86. No regular scale of cash dividends has been maintained, although it has been customary to pay from 1¾ to 2½ per cent quarterly in addition to extra cash dividends as high as 10 and 15 per cent declared and paid from time to time.

C. A. Bickett, president of the company, owns about 1,300 shares and Bryan G. Tighe, vice president, owns about 1,200. Edward Tilden & Co., together with other of the Tildens, own about 1,445 shares, of which about 1,000 shares appear in the names of others. Although Edward F. Swift does not appear in the stockholders' list, he owns about 744 shares. Of the remaining stock practically every share is owned by members of the Swift-Tilden group, including Messrs. Patterson, Fay, Agar, and Murphy.

FREDERICK COWIN & CO., INC.—Frederick Cowin & Co., Inc., a Delaware corporation, with an office in the Drovers Bank Building, Chicago, and rolling mills at Joliet, Ill., manufactures bar iron. Sales were made to the Mechanical Manufacturing Co. (No. 73, p. 296) and other packer companies that are users of this material, and also presumably to outside industries.

The officers of the company are Frederick Cowin, S. B. Thompson, and L. B. Patterson. In addition, C. A. Bickett, Bryan G. Tighe, and Henry J. Aaron are directors. There is both common and preferred stock in this company, with equal voting rights, the total capitalization being $734,500. The seven largest stockholders of record, owning about 75 per cent of the total, are as follows, the stock of two of them being held for the benefit of Edward F. Swift and Edward Tilden & Co., as indicated in parenthesis:

	Preferred.	Common.	Total.
Edward Tilden & Co.	100	1,200	1,300
J. C. Peckham (Edward F. Swift)	400	1,200	1,600
L. B. Patterson	300	900	1,200
Frederick Cowin	100	300	400
C. A. Bickett	100	300	400
Bryan G. Tighe	100	300	400
H. W. Hardy (Edward Tilden & Co.)	200	....	200
Total	1,300	4,200	5,500

Nearly all the remaining names on the list are identified with the Swift-Tilden group. The reply to the stockholders' questionnaire sent J. C. Peckham was signed by C. F. Stephenson, of Edward F. Swift's office, with the explanation that Peckham was formerly employed by Edward F. Swift, but is no longer in his service. H. J. Aaron and Charles F. Bean also hold 50 shares each of preferred stock belonging to Edward Tilden & Co.

SWIFT-TILDEN BANKS.—The Fort Dearborn National and the Fort Dearborn Trust & Savings banks are controlled by the Swifts and Tildens, with Bickett, Tighe, Patterson, and others of the Swift-Tilden group also appearing as stockholders. The Drovers National and Drovers Trust & Savings banks are also controlled by the Swifts and Tildens. The total resources of these four banks are over $89,000,000.[1]

[1] *Rand McNally Bankers Directory*, January, 1919.

The principal stock holdings of the Swift-Tilden group in these f banks are shown below.

Fort Dearborn National Bank (*Chicago*).—The principal Sw Tilden stockholders in the Fort Dearborn National Bank of Chica with their percentage of the total issued stock, are as follows:

	Shares.	Per cent.
Louis F. Swift	557	....
Edward F. Swift	495	....
Charles H. Swift	300	....
Mrs. Hortense N. Swift	300	....
G. F. Swift, jr	240	....
Mrs. Anne M. Swift	225	....
Harold H. Swift	120	....
Geo. H. Swift	90	....
T. Philip Swift	69	....
Edward F. Swift, jr	53	....
Swift family	2,449	8.2
Swift & Co. employees:		
L. A. Carton	600	....
W. F. Burrows	215	....
Henry Veeder	150	....
H. A. Chetham	98	....
F. S. Hayward	60	....
W. F. Priebe	60	....
C. F. Stephenson	27	....
Total	1,210	4.0
Total Swift family and employees	3,659	12.2

	Shares.	Per c
Edward Tilden & Co	11,675	.....
Averill Tilden	376	.....
Tilden family	12,051	
Other members of group:		
C. F. Bean	383	.....
L. B. Patterson	100	.....
H. J. Aaron	80	.....
C. A. Bickett	75	.....
J. J. Murphy	75	.....
Bertha Hauber	62	.....
Charles Aaron	50	.....
Bryan G. Tighe	30	.....
Philip Larmon	18	.....
Total	873	
Total Swift-Tilden group	16,583	
All others	13,417	.....
Total outstanding	30,000	.....

Fort Dearborn Trust & Savings Bank (*Chicago*).—Stockhold of the Fort Dearborn Trust & Savings Bank connected with the Sw Tilden group are the following:

	Shares.	Per cent.
Edward F. Swift	725	....
Louis F. Swift	715	....
Swift family	1,440	28.8
wift & Co. employees:		
W. F. Burrows	50	1.0
Total Swift family and employees	1,490	29.8
Edward Tilden & Co	1,155	....
William A. Tilden	625	....
Averill Tilden	150	....
Merrill W. Tilden	50	....
Tilden family	1,980	39.6

	Shares.	Per c
Other members of groups:		
L. B. Patterson	100	.....
H. J. Aaron	10	.....
Total	110	
Total Swift-Tilden group	3,580	
All others	1,420	.....
Total outstanding	5,000	.....

Drovers National Bank (*Chicago*).—The stockholders of the Drovers National Bank, in the Swift-Tilden group, are as follows:

	Shares.	Per cent.
Edward F. Swift	396	
Louis F. Swift	198	
Charles H. Swift	77	
Hortense N. Swift	62	
Anna M. Swift	60	
G. F. Swift, jr	27	
Harold H. Swift	27	
Ruth Swift Maguire	27	
Other members of Swift family	23	
Swift family	897	12.0
Swift & Co. employees:		
L. A. Carton	100	
W. F. Burrows and family	63	
Philip Larmon	50	
Henry Veeder and family	31	
W. Leavitt	20	
Henry W. Hardy	13	
H. A. Chetham	11	
Chas. E. Hill	4	
Total	292	3.9
Total Swift family and employees	1,189	15.9

	Shares.	Per cent.
Edward Tilden & Co	3,419	
William A. Tilden	512	
Averill Tilden	64	
Anna E. Tilden	25	
Louis E. Tilden	15	
Merrill W. Tilden	12	
Tilden family	4,047	53.9
Other members of group:		
Bertha Hauber	50	
James S. Agar	45	
Henry J. Aaron	34	
Charles F. Bean	30	
Total	159	2.1
Total Swift-Tilden group	5,395	71.9
All others	2,105	
Total outstanding	7,500	

Drovers Trust & Savings Bank (*Chicago*).—The Swift-Tilden group of stockholders in the Drovers Trust & Savings Bank are as follows:

	Shares.	Per cent.
Louis F. Swift	135	
Edward F. Swift	85	
Charles H. Swift	82	
Hortense N. Swift	62	
Anna M. Swift	40	
Other members of Swift family	40	
Swift family	434	17.4
Swift & Co. employees:		
L. A. Carton	62	
Albert H. Veeder, jr	16	
Henry Veeder	16	
H. A. Chetham	6	
T. H. Ingwerson	6	
Total	106	4.2
Total Swift family and employees	540	21.6

	Shares.	Per cent.
Edward Tilden & Co	900	
William A. Tilden	223	
Averill Tilden	25	
Merrill W. Tilden	12	
Louis E. Tilden	11	
Tilden family	1,171	46.8
Other members of group:		
L. B. Patterson	20	
Henry J. Aaron	10	
Frederick Cowin	10	
Bryan G. Tighe	10	
Total	50	2.0
Total Swift-Tilden group	1,761	70.4
All others	739	
Total outstanding	2,500	

Interest in other banks.—The Swift interests have connections with certain other important banks and with smaller outlying banks, in Chicago, as well as banks in the East and in some of the western packing centers, as is evidenced by the lists of bank directorates shown in the tables on page 294 and page 321 as held by members of the Swift family and by employees of Swift companies.

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Other financial directorates are held by the Tildens or by members of the group, including—

Irving National Bank (New York)—W. A. Tilden.
Guarantee Co. of North America—W. A. Tilden.
Englewood State Bank (Chicago). (Tilden group and Swift employees hold 32 per cent of stock)—B. G. Tighe, Philip Larmon, Frederick Cowin.
South Side State Bank (Chicago). (Swift-Tilden group hold 13 per cent of stock)—A. R. Fay.
Woodlawn Trust & Savings Bank (Chicago). (Swift-Tilden group hold 20 per cent of stock)—L. B. Patterson.
Drovers Cattle Loan Co. (Chicago)—L. B. Patterson.

MINORITY HOLDINGS.—*Goodman Manufacturing Co.*—The Swift-Tilden group has minority interest in the Goodman Manufacturing Co., incorporated in 1900 in Illinois, a company that manufactures electric coal-cutting machinery and electric locomotives used in mines. The company has a capitalization of $1,500,000. The Goodman family owns about 15 per cent of the stock, and the Swift-Tilden group has in the neighborhood of 4,000 shares or somewhat over 10 per cent, and L. B. Patterson is one of the six directors. The Commission has not sent stockholders' questionnaires to the stockholders. J. C. Peckham is the record holder of 500 shares, which may represent a holding by Edward F. Swift, as was the case in the shares of Frederick Cowin & Co., Inc., standing in the name of Peckham. Among the stockholdings noted as belonging to the Swift-Tilden group are those of Edward Tilden & Co., L. B. Patterson and family, A. R. Fay, C. A. Bickett, Bryan G. Tighe, and the Blumenthals.

Ajax Rubber Co., Inc., of New York.—The Ajax Rubber Co., Inc., of New York took over the Ajax Rubber Co. of Delaware, and the Racine Rubber Co. of Racine, Wis., in 1917, the latter subsidiary being one in which it is understood that the Swift-Tilden group already was interested. The capitalization of the New York company is $7,100,000 (142,000 shares at $50 par value per share). L. B. Patterson is a director, and the stock which appears in his name and that of Harriet B. Patterson totals 8,287 shares or about 6 per cent of the total. Other members of the group who own stock in this company include A. R. Fay, 1,226 shares; Edward Tilden & Co. and individual members of the Tilden family, 1,130 shares; James S. Agar, Charles F. Bean, Frederick Cowin, F. H. Frederick, J. J. Murphy, W. J. Russell, and Harriet F. Wilson. The total share holdings of the Swift-Tilden group, including the Patterson holdings, are in the neighborhood of 10 per cent of the total stock.

John Agar Co.—The John Agar Co., beef and pork packers, of Chicago, have 1,000 shares of common stock outstanding, of which James S. Agar, president of the company, owns 322 shares, on all or nearly all of which, as collateral, he borrowed money from the

Drovers National Bank, controlled by Tilden and Swift interests. This holding is the largest single holding of the company's common stock. James S. Agar also reports that he has an option to buy some of the company's stock at any time within five years, and A. H. Messing, a holder of 48.68 shares of the common stock, in reply to questions as to his ownership, has reported that 10 of these shares "were optioned to James S. Agar in order that he could secure enough stock, if he desired, to give him control of the common stock of the corporation." This would imply that other stockholders may have given similar options.

L. B. Patterson is an owner of 50 shares of the stock.

The company reported that on June 30, 1917, it had a loan of $100,000 outstanding with the Drovers National Bank of Chicago (a Swift-Tilden bank, see p. 353), on the security of its note.

James S. Agar and L. B. Patterson, while not owning a majority of the stock of the John Agar Co., together hold three-eighths of its stock, and James S. Agar, as president, is in a position to direct the company's policy.

In connection with Agar's purpose through option to secure the majority of the stock of the John Agar Co., it is to be noted that he made a similar effort in 1915 to secure control of the Western Packing & Provision Co., a slaughtering company organized by the butchers of Chicago to protect themselves against the Big Five packers. James S. Agar was elected president of the Western Packing & Provision Co., and in June or July, 1915, at the suggestion of L. B. Patterson, he made an effort to secure at least 51 per cent of the stock of the company, Patterson having agreed to enter the deal with Agar if Agar could get the control. The other directors of the Western Packing & Provision Co. became suspicious of Agar, because while under his management the company was showing a loss, he was, nevertheless, trying to buy stock which they thought he might be acquiring for some of the big packers. Instead of selling their holdings in the Western Packing & Provision Co., the directors representing the local butchers in the company asked Agar to resign. Thus the successful effort of Edward W. Tilden in securing control of the New York Butchers Dressed Meat Co. a few years before (see p. 346) was not paralleled in the case of Patterson's efforts to secure through Agar secret control of the company organized by the Chicago butchers.

The Independent Packing Co.—More than a majority of the capital shares of the Independent Packing Co., of Chicago, stands in the name of Patrick Brennan, the president of the company, who reports the shares are his own. There are two other large minority holders of stock—Averill Tilden and L. B. Patterson. Patrick Brennan, with his sons, and E. C. Andrews are the only officers and directors of the company, neither Patterson's name nor Tilden's appearing.

The original schedule report of the Independent Packing Co. showed only two stockholders—Patrick Brennan, 4,832 shares; E. C. Andrews, 168 shares; total 5,000. An agent of the Commission, having secured information that Patterson or the Tildens were interested in the conpany, was told by Brennan that the company "needed help," and Brennan purchased stock of a dissatisfied stockholder for Edward Tilden—Tilden furnishing the money. The Patterson stock, he said, was transferred direct to Patterson. The Commission, thereupon, by letter of October 27, 1917, required from Brennan a statement as to the ownership of the 4,832 shares reported as his. Following is the reply:

THE INDEPENDENT PACKING CO.,
Chicago, Ill., November 5th, 1917.

FEDERAL TRADE COMMISSION,
Washington, D. C. (attention A. B. A.).

GENTLEMEN: I have your favor of October 29th with reference to Schedule "A" on slaughtering and meat packing, as returned by the Independent Packing Company, of Chicago, Illinois, which shows that I hold 4,832 shares of common stock in that company.

In reply, I wish to advise that the figures quoted are not correct. The total number of shares of the capital stock of the Independent Packing Company is 5,000. Of that number, 4,074 shares are in my name, 168 shares have been issued to E. C. Andrews, whose address is the Independent Packing Company, Chicago, Illinois, and 758 shares have been issued to L. B. Patterson, 4201 South Halsted Street, Chicago, Illinois.

I have no interest whatsoever in the stock issued to Mr. Andrews and to Mr. Patterson.

Of the 4,074 shares issued to me, 3,316 shares are my absolute property, and no other person or persons whosoever have any interest therein. The balance, or 758 shares of said stock are held by me for the benefit of Averill Tilden, 76 West Monroe Street, Chicago, Illinois, and in these 758 shares I have no interest whatsoever.

Yours very truly,

[Signed] PATRICK BRENNAN.

The direct banking connections of the Independent Packing Co. are with the Drovers National and the Corn Exchange National, of Chicago, its loans in each of these banks being $100,000 on June 30, 1917, without any property security. The Drovers National, as noted, is a Swift-Tilden bank. In addition, the company's scheduled report showed among its loans "commercial paper, sold through brokers, time notes, $1,915,000." The Commission's agent, on inquiry from Patrick Brennan, found that this commercial paper, floated without security, was placed through Merrill, Cox & Co., the Tilden-controlled brokerage company mentioned above.

The Independent Packing Co. is closely affiliated through community of stockholdings with the Independent Refrigerator Car Co. (capital stock $100,000), the Lake Warehouse & Cold Storage Co. (capital $100,000), and the Independent Market Co. ($10,000), all of Chicago. All the stock of these companies is held in the name of Patrick Brennan, his son Thomas V. Brennan, and E. C. Andrews.

OTHER COMPANIES.—Other companies in which the Swift-Tilden group are interested, as evidenced by directorates, but in which extent of ownership is not known, are these:

Chicago Sandoval Coal Co.:
- Henry J. Aaron.
- C. F. Bean.
- C. A. Bickett.
- B. G. Tighe.

Franklin Coal & Coke Co.:
- C. A. Bickett.
- B. G. Tighe.

Hauber & Co.:
- B. Hauber.

Schulze Baking Co.:
- Averill Tilden.
- L. B. Patterson.

E. F. Clafey Co.:
- Merrill W. Tilden.

M. J. Neahr & Co.:
- Albert H. Veeder, jr.
- Henry Veeder.

Briscoe Motor Corporation:
- L. B. Patterson.
- F. Cowin.

Section 19.—Other connections of the packers.

Less definite than the stock holdings shown in the tables, and perhaps less tangible than the Swift-Tilden relationship, are other connections of the packers that suggest the friendly support of other interests and the further extension of packer influence.

MORRIS-FORGAN-SPOOR CONNECTIONS.—When Edward Morris, sr., died in 1913 the trustees under his will were Nelson Swift Morris, Edward Morris, jr., Helen Swift Morris, Thomas E. Wilson (then president of Morris & Co.), John A. Spoor, and James B. Forgan. His selection of Mr. Spoor and Mr. Forgan to act with his two sons, his wife, and the president of Morris & Co., evidenced a confidence based on long association with them in banking and other connections. There are a number of indications, and it is natural to assume, that Morris & Co. and others of the big packing companies find these men influential in their favor in many respects, and it is not amiss to note the companies in which directorates are held by Mr. Spoor and Mr. Forgan, and their immediate associates, either alone or in conjunction with direct packer representatives.

The respective enterprises with which these two trustees of the estate of Edward Morris are chiefly identified are first given together with their close associates in those enterprises.

John A. Spoor is primarily associated with the Chicago Union Stock Yards companies. His position in these companies and the men surrounding him *in their management* and direction are shown

by the following list of the officers and directors of the various Chicago Stock Yards companies:

J. A. Spoor:

Director, Chicago Junction Railways and Union Stock Yards (the New Jersey holding company); chairman of board and director, Union Stock Yards & Transit Co. (operating the yards); chairman of board and director, Chicago Junction Railway Co. (operating the railway at the yards); trustee, Central Manufacturing District (owning 375 acres of land in Chicago near the stock-yards).

A. G. Leonard:

President and director Union Stock Yards & Transit Co.; director, Chicago Junction Railway Co.; trustee, Central Manufacturing District.

H. E. Poronto:

Vice president, Union Stock Yards & Transit Co.; first vice president and director, Chicago Junction Railway Co.; director, The Chicago River & Indiana Railroad Co. (50 per cent owned by Chicago Junction Railways & Union Stock Yards Co., N. J.).

Richard Fitzgerald:

Director, Union Stockyards & Transit Co.; president and director, Chicago Junction Railway Co.; director, The Chicago River & Indiana Railroad Co.

Thornhill Broome:

Secretary of the board and director Chicago Junction Railway Co.

O. T. Henkle:

General manager, Union Stock Yards & Transit Co.

A. E. Rawson:

President and treasurer The Chicago River & Indiana Railroad Co.

It is to be observed, further, that in February, 1916, when the merger of Morris & Co. and Sulzberger & Co. was contemplated it was proposed that there be five voting trustees for the merger company, two to represent Morris & Co., two to represent the New York bankers and the fifth to be A. Barton Hepburn. Thomas E. Wilson was suggested as one Morris representative and Charles H. Sabin as one banker representative, the remaining Morris trustee and banker trustee to be selected from three names—J. A. Spoor, James B. Forgan, and John J. Mitchell. (Part II, pp. 187–188.)

Neither Mr. Spoor nor any of his above-named associates in the yards companies is an officer or director of the Chicago Stock Yards Co. of Maine, which owns part of the stock of the New Jersey holding company and guarantees that company's stock. Mr. Spoor's connection with F. H. Prince and J. Ogden Armour in the origination of the Maine company was very close, however, as told in Part III of the report.

James B. Forgan is a banker, whose principal business association is as chairman of the board of the First National Bank, and the First Trust & Savings Bank of Chicago. Closely associated with him is M. A. Traylor, a director of the First National Bank and president of the First Trust & Savings Bank, who has connections with several banks in which the Morrises and other big packers have interests.

A number of companies in which the above men are directors are here listed, the names of direct packer representatives in these companies being also shown:

First National Bank (Chicago):
- Nelson Morris.
- Thomas E. Wilson.
- J. A. Spoor.
- James B. Forgan.
- M. A. Traylor.

First Trust & Savings Bank (Chicago):
- Nelson Morris.
- Thomas E. Wilson.
- J. A. Spoor.
- James B. Forgan.
- M. A. Traylor.

National Safe Deposit Co. (Chicago):
- Nelson Morris.
- Thomas E. Wilson.
- J. A. Spoor.
- James B. Forgan.

Guaranty Trust Co. (New York):
- Thomas E. Wilson.
- J. A. Spoor.

Chicago Cattle Loan Co.:
- Thomas E. Wilson.
- J. A. Spoor.
- A. G. Leonard.
- M. A. Traylor.

Live Stock Exchange National Bank (Chicago):
- Edward F. Swift.
- Thomas E. Wilson.
- J. A. Spoor.
- A. G. Leonard.
- H. E. Poronto.
- F. Edson White.
- M. A. Traylor.

Mid City Safe Deposit Co.:
- Nelson Morris.
- J. A. Spoor.
- A. G. Leonard.

Liberty Trust & Savings Bank (Chicago):
- Edward Morris.
- Thornhill Broome.

Peoples Stock Yards State Bank (Chicago):
- Edward Morris.
- Arthur Meeker.
- Thornhill Broome.

Stock Yards Savings Bank (Chicago):
- Edward Morris.
- L. F. Swift.
- A. G. Leonard.
- Thornhill Broome.
- Arthur Meeker.
- M. A. Traylor

Stock Yards Safety Deposit Co.: J. A. Spoor.
West Side Trust & Savings Bank (Chicago):
- Edward Morris.
- A. G. Leonard.
- Thornhill Broome.

Central Manufacturing District Bank (Chicago):
- Arthur Meeker.
- H. E. Poronto.
- M. A. Traylor.

Equitable Life Assurance Society of United States: James B. Forgan.
Chicago Title & Trust Co.: James B. Forgan.
Guarantee Co. of North America: James B. Forgan.
Fidelity & Deposit Co. of Maryland: James B. Forgan.
Standard Safe Deposit Co.: James B. Forgan.
Audit Co. of New York: James B. Forgan.
Security Bank of Chicago:
- James B. Forgan.
- James B. Forgan, jr.

Second Security Bank of Chicago:
- James B. Forgan.
- James B. Forgan, jr.

Fort Dearborn National Bank (Chicago):
- Edward F. Swift.
- Richard Fitzgerald.

City State Bank (Chicago): Richard Fitzgerald.
Chicago City & Connecting Railways:
- James B. Forgan.
- J. A. Spoor.

Chicago Great Western Railroad Co.: J. A. Spoor.
Minneapolis & St. Louis Railroad Co.: J. A. Spoor.
Pere Marquette Railroad Co.: J. A. Spoor.
The Pullman Co.: J. A. Spoor.
Equipment Investment Co.:
- J. A. Spoor.
- H. E. Poronto.
- Thornhill Broome.

Midland Warehouse & Transfer Co.:
- J. A. Spoor.
- A. G. Leonard.
- H. E. Poronto.
- Thornhill Broome.

Mercury Manufacturing Co.:
- A. G. Leonard.
- O. T. Henkle.

United States Standard Serum Co.:[1]
- Thornhill Broome.
- A. E. Rawson.

Commonwealth Audit Co.:[2] A. E. Rawson.

In addition to the directorates shown above for J. A. Spoor, was director in certain other concerns prior to the time set in Clayton Act as the date when its provisions regarding interlock directorates should become effective. Among these were banks,

[1] See p. 361 for Morris Spoor stock in this company. [2] See p. 280.

which the Forgans, Thornhill Broome, or H. E. Poronto are listed above as now directors, namely, Security and Second Security Banks, Liberty Trust & Savings, West Side Trust & Savings, Peoples Stock Yards State, and Central Manufacturing District banks. Prior to the date referred to, Mr. Spoor was director in the Mid City Trust & Savings Bank, of Chicago, in which Edward Morris is now a director; four safety deposit companies; National Surety Co.; six laundry, cleaning, or linen supply companies; and Chicago Soap Manufacturing Co.

United States Standard Serum Co.—United States Standard Serum Co., with its principal office at Chicago, Ill., has $62,500 of stock outstanding, the majority of which is owned by A. G. Leonard, J. A. Spoor, and H. E. Poronto, officers of the Chicago Stock Yards. A few shares are held by Thornhill Broome and by Caryl Spoor Broome.

NATIONAL WASTE CO.—The National Waste Co. was incorporated in Illinois in 1910, but its plant, which is on the Schuylkill just outside of Philadelphia, began operations in 1907. All kinds of waste is made and sold to railroads, to the packers, and to other industrials.

It is said this company was started by a group of young men who were told of a mill on the Schuylkill that could be had and used in making wool and cotton waste. This group of men included, among others, George B. Robbins, vice president of Armour & Co.; C. K. Knickerbocker, of the Griffin Wheel Co., of Chicago; A. R. Fay, of Swift & Co.; and C. C. Ingraham, of Chicago, who was made president of the company and who devotes his entire time to the operation of the business. Although only 25 per cent of the stock is owned by Robbins and Fay, who are at the head of the Armour and Swift transportation departments, respectively, a majority of the stock, as admitted by Ingraham, is owned by friends of the packer interests.

A warehouse is maintained in Chicago, from which about one-half the sales are distributed. The Pennsylvania Railroad and the New York Central are among the company's largest railroad customers.

The packers are charged a price for waste that appears to be neither high nor low, and nothing has been ascertained to indicate that the interest of packer transportation men in the company has exerted any influence over railroads.

During the panic of 1907 and a few years following little progress was made by the company, but in more recent years it has prospered.

Section 20.—Associates of the packers as directors in other companies.

Among the companies in which the packers are stockholders are a large number in which other interests are also represented. Of the individuals representing these other interests, some appear closely associated with the packers. A few of these are listed with their

directorships in certain companies that have come to atte banks, railroads, and industrials touching food. Investigation no doubt, show hundreds of other cases of connections of th acter, which, while remote, no doubt indicate in the aggregat considerable influence, and one which the packers would g find friendly.

Company.	Location	Director. Name.	Director. Association wit
Banks and financial companies:			
Merchants National	Boston, Mass.	F. L. Howes	Associate of Swi St. Joseph T (No. 317, p. 307 p. 334.
Shawmut National	do.	F. W. Estabrook	Associate in Siou Yards Co. (No
National Exchange	Providence, R. I.	F. P. Comstock	Swift associate.
Peoples Savings			
American Foreign Banking Corporation.	New York	E. V. R. Thayer	Associate of Mo ganization of Stock Yards C p. 292.) See al
Bankers Realty Investment Trust.			
Chase National Bank	New York		
Chase Securities Corporation.	do.		
Industrial Finance Corporation	do.		
Massachusetts Bonding & Insurance Co.	Boston		
Mercantile Trust & Deposit Co.	New York		
New England Investment & Security Co.			
Hampden Savings	Springfield, Mass.	T. H. Nye	Associate of Sw Nye Co. and Provision Co. and 162, pp. 31
Union Trust Co			
Detroit National	Detroit, Mich.	J. D. Standish, jr.	Associate of Arn troit Beef Co. p. 319.) See al
National Bank of Kentucky	Louisville, Ky.	Oscar Fenley	Associate of Arr and Swift & C bon Stock Yar 23, p. 292.)
Kansas National	Wichita, Kans.	C. H. Brooks	Associate of Cuda Co. in Wichita Yards Co. (No.
Guarantee Title & Trust Co.			
First National	Portland, Oreg.	E. R. Corbett; A. L. Mills.	Associate of Swi land Cattle Loa 663, p. 320.)
Security Savings & Trust	do.	A. L. Mills	Associate of Swi land Cattle Loa 663, p. 320.)
Industrials:			
United Fruit Co.	Boston, Mass.	B. W. Palmer	Associate of Pri mour in Chi Yards Co. (atto
Aetna Explosives Co.			
American Hominy Co.	Indianapolis, Ind.	Joy Morton	Former officer Packing Co.
Punta Alegre Sugar Co.		E. V. R. Thayer	Associate of Mor City Stock Yar
John T. Connor Co. (chain stores)			
North Atlantic Oyster Farms		J. P. Lyman	Former officer Packing Co.
American Glue Co.			
Railroads.			
Wichita & Midland Valley Railroad.	Wichita, Kans.	C. H. Brooks	Associate of Cuda Co. in Wichita Yards Co. (No.
Minneapolis & St. Louis Railroad Co.		E. V. R. Thayer	Associate of Mor ganization of Stock Yards C p. 292.) See al
Pere Marquette Railway Co.			
St. Louis & San Francisco Railroad Co.			

Section 21.—Alphabetic list of companies referred to in sections 7 to 20 as more or less allied with the Big Five.

Sections 7 to 20 have referred to a number of companies not listed in the regular company tables of section 6 (pp. 290 to 324), but which are more or less connected with some of the five large packers. In the case of a few companies already listed in the tables, these sections have given additional data explaining the packer interest or showing the further stock held therein by associates or employees of the packers.

All the companies thus discussed in sections 7 to 20 are here listed, with the page on which they are referred to, and (if listed in the tables of sec. 6) their regular company number.

ALPHABETIC LIST OF COMPANIES MORE OR LESS ALLIED WITH THE BIG FIVE.

Drovers Cattle Loan Co. (p. 354 and No. 3).
Drovers National Bank, Chicago, Ill. (pp. 351 and 356 and No. 617).
Drovers Trust & Savings Bank, Chicago, Ill. (p. 351 and No. 618).
East Jordan Chemical Co. (p. 334).
East Jordan Land & Improvement Co. (p. 334).
East Jordan Furnace Co. (p. 334).
East St. Louis Cattle Loan Co. (p. 331).
Eastern Oregon Land & Live Stock Co. (p. 330 and No. 118).
Englewood State Bank, Chicago, Ill. (p. 354).
Equipment Investment Co. (p. 360).
Equitable Life Assurance Society of the United States (p. 360).
Equitable Trust Co. of N. Y., New York (p. 342).
Farmers Alfalfa Milling Co. (p. 337).
Farmers Cooperative Fertilizer Co. (pp. 335 and 336 and No. 284).
Fidelity & Deposit Co. of Maryland (p. 360).
First National Bank, Chicago, Ill. (p. 358 and No. 44).
First National Bank, Portland, Oreg. (p. 362).
First Trust & Savings Bank, Chicago, Ill. (p. 358 and No. 50).
Fort Dearborn National Bank, Chicago, Ill. (pp. 351 and 360 and No. 619).
Fort Dearborn Trust & Savings Bank, Chicago, Ill. (p. 351 and No. 620).
Fort Worth Publishing Co. (p. 340).
Fort Worth Record (p. 341).
Fort Worth Star Telegram (p. 340).
Franklin Coal & Coke Co. (p. 357).
Gaston, Williams & Wigmore, Inc. (p. 342).
Gensemer & Salen Tannery (p. 335).
Golden Grain Milling Co. (p. 337).
Goodman Manufacturing Co., Inc. (p. 354).
Grace Russian Co. (p. 344).
Great Northern Railway Co. (p. 342).
J. Greenebaum Tanning Co. (p. 348).
Green County Fertilizer Co. (p. 336).
Griggs Fertilizer Co. (p. 336).
Guarantee Co. of North America (pp. 354 and 360).
Guarantee Title & Trust Co., Wichita, Kans. (p. 362).
Guaranty Trust Co., New York, N. Y. (pp. 341 and 359 and No. 691).
Hallgarten & Co., New York, N. Y. (p. 341 and No. 693).
Hammond-Standish Co. (p. 332).
Hampden Savings Bank, Springfield, Mass. (p. 362).
Hauber & Co. (p. 357).
Henderson, E. (gin) (p. 340).
Hope Fertilizer Co. (p. 336).
Hornell Ice & Cold Storage Co. (p. 348 and No. 667).
Howes Bros. Co., Boston, Mass. (p. 334).
Howes Bros. Hide Co. (p. 334).
Huntington Shoe & Leather Co. (p. 334).
Hygienic Ice Co. of Delaware (p. 348 and No. 673).
Hygienic Ice Co. of Illinois (p. 348 and No. 668).
Independent Market Co. (p. 356).
Independent Packing Co. (pp. 347 and 355).
Independent Refrigerator Car Co. (p. 356).

CHAPTER VIII.—PHYSICAL OPERATIONS OF BY-PRODUCT PREPARATION AND MANUFACTURE.[1]

Section 1.—Processes and utilization.

The extensiveness of the business of the large packing companies in respect to the many by-products most directly associated with meat production is shown by a study of the physical operations and processes of their departments in the preparation and manufacture of these products. Mr. C. V. Whalin, of the Bureau of Markets of the United States Department of Agriculture, was detailed by the department to the Federal Trade Commission for the purpose of making an investigation of by-products[2] with respect to the physical operations followed in the large plants in preparing them for commercial use and with respect to the classes of slaughterers and packers who do and do not conserve them. The facts ascertained in this study are important to an understanding of the meat packing industry and have proved particularly useful in connection with the uniform accounting work now being undertaken by the Commission; for the physical operations of a department of the packing house must be understood before the departmental accounts representing them can be considered intelligently.

The idea of the modern packing house, or meat production on a large scale under one management, is scarcely more than a half century old. Coincident with the development of that idea arose the necessity of disposing of the wastes which, together with the hide, fats, and some other offal for which uses has been found, amounted approximately to 45, 25, and 50 per cent, respectively, of the live weight of cattle and calves, hogs, and sheep and lambs. At first the refuse which accumulated rapidly was hauled to the fields and buried or dumped into rivers. For sanitary and economic reasons these methods had to be discontinued. Tanks or huge digesters under steam pressure were installed to extract the tallow and grease. The utilization of the residue in fertilizers soon followed.

The idea of maximum utilization of animal by-products is little more than a quarter of a century old. The evolution of this industry to the high degree of efficiency[3] which it enjoys to-day has received an added impetus from each of the following influences,

[1] This chapter was prepared for this report by the United States Department of Agriculture, Bureau of Markets.—*Federal Trade Commission.*

[2] The term "by-products" is used in this chapter in its general sense without reference to a definition for accounting purposes.

[3] Where reference is made in this chapter to the efficiency to meat packers, it should be noted that efficiency is discussed only from the point of view of utilization of the raw materials. Utilization of by-products is only one element in the determination of efficiency as measured by profitableness of results for all operations of manufacture and distribution. Many small packers, for example, who do not utilize the materials so completely as the large packers are able to make an even higher rate of profit.—*Federal Trade Commission.*

which are named in the order in which they became chronologically effective: First, the necessity of economically disposing of vast quantities of animal wastes; second, an effort to recover enough in the value of the crude products resulting from the processing of these wastes to defray the costs of handling; third, the desire to make it a profit-producing enterprise; fourth, the readjustment of the packing industry to meet the changed economic conditions. These factors in the main have brought the conservation and utilization of animal by-products to their present status.

The efficiency with which animal by-products are saved and utilized has a direct influence upon the prices paid the producer for live stock, upon the costs of meat products to the consumer, and upon the profits in the meat-packing industry. So important is this phase of the industry that all packers whose volume of slaughter is sufficiently large have installed expensive equipment, employed experts and scientists, and established well-equipped research laboratories for the purpose of promoting efficient conservation of waste materials, obtaining maximum production of the commodities prepared from them and discovering new products and methods of production.

Activities in this line of the industry have added greatly to the production of articles of food value to both man and beast. They have added to the elements which enrich the soil or are useful in the arts and sciences, in medicine and surgery, and in the preparation of innumerable articles which are indispensable to the needs and comforts of modern civilized life as well as in the grimmer needs of war.

There is no part of the animal which is without value in the program of by-product utilization, and in the case of the large packers there is absolutely no part of it except the moisture lost through evaporation which is not utilized in some manner. Certain glands, membranes, tissues, and bone oils are sources of valuable medicinal preparations; some of the bones of better quality are converted into knife and toothbrush handles, imitation ivory, buttons, mouthpieces for musical instruments, decorations, novelties, etc. Other bones, after yielding their content of fats, oils, and glue stock, are converted into ground-bone products for case-hardening or refining purposes, for stock and poultry foods, fertilizer, etc. The intestines are converted into containers, strings for musical instruments, drum snares, and surgeons' accessories, such as ligatures, or "catgut." The contents of the digestive tract become ingredients of commercial fertilizer. The hoofs and horns, now relatively scarce, are converted into combs, hairpins, snuffboxes, imitation tortoise shell, novelties, and decorations. Those of the poorer quality are converted into fertilizer. Hair bristles are used in the manufacture of brushes and

carpet sweepers, coarse felts, cushions, pads, mattresses, horse collars, and various kinds of upholstering. Those of inferior quality are used in plastering and fertilizer. All waste materials incapable of conversion into useful articles are processed for their yields in tallows and greases of many grades and values, according to quality and the nature of the products from which they are derived. The waters in which these products are cooked are evaporated for their yields in glue stock and concentrated tankage. The solid residue enters into stock and poultry foods and fertilizers. The edible fats become lards and ingredients in lard and butter substitutes. The inedible fats and oils are used in the preparation of numerous articles essential to industry, home needs, and war. Among them are illuminating oils, lubricating oils, soap, glycerine, and explosives. Edible offal, of which little was saved for food, now commands a market on its merits. Much of it is utilized in various meat food-product preparations, especially in fresh, smoked, dried, and cooked sausages, delicatessen, and canned meats. The blood is used in certain meat-food products, in the manufacture of albumen, defibrinated blood, blood meal for stock and poultry food, and in fertilizers.

A detailed description of the physical processes of the large plants in preparing the various by-products, as written by Mr. Whalin and approved by the Bureau of Markets and the Bureau of Animal Industry of the Department of Agriculture, is given in Exhibit XVII, page 545.

In spite of the phenomenal strides which have been made in by-product utilization, it may be said without disparaging its achievements that the industry is in its infancy; that its possibilities are practically inexhaustible; and that while there is approximately maximum utilization of most of these products by the largest firms, there are many concerns that are not obtaining maximum yields and none which have processes that will produce the superyields of all products or can extract from them the ultimate possibilities which they contain.

The chemical laboratory is a necessary adjunct to the meat packing industry, but its chief function is found in the utilization of by-products. Many processes in the preparation of meat food products are based upon the discoveries of the chemist, but the development of many of the phases of by-product utilization is impossible without the constant supervision of the members of this branch of applied sciences. The ultra development of this industry may be said to depend almost entirely upon their efforts.

Section 2.—Waste in marketing fats with the carcass.

While the packing industry has boasted that no part of the animal is wasted, it is nevertheless true that there is an appalling waste

connected with the industry. This waste is especially apparent in the marketing of carcasses of beef and lamb and mutton. Loose and semiloose fats are shipped with the carcasses according to a custom originating in an effort to find a market for these fats at carcass prices when there was relatively little demand for fats and oils and consequently low market prices. Much of the breast, neck, kidney, crotch, cod, and other fats which cling to the interior walls of the beef carcass are wasted. The loss is borne chiefly by wholesaler, retailer, and consumer. Much of the waste occurring in the hands of the wholesaler and retailer is in the form of fat trimmings for which the consumer has no use, which must be thrown into scrap boxes and sold to renderers, usually at prices ranging from one-fourth to three-fourths of the original cost. The waste in the consumers' hands is in the form of unused fats which are discarded. There is a loss in transit from pieces of the semiloose fats which become dislodged and fall to floors or pavements while loading, shipping, or unloading is in progress. Much that is lost in this manner can not be recovered in any form.

In the matter of lamb and mutton carcasses the greatest waste accompanies those with fancy caul and pluck dressings. In these the losses occur similarly to those in cattle carcasses. In addition there is considerable loss in spoilage due to the presence of the caul and the pluck. Often proper radiation is prevented by their presence. Under unfavorable weather and refrigeration conditions the meat thus dressed becomes tainted, stale and often spoiled, is difficult to sell, or becomes a total loss as a food.

Competitive conditions also have contributed to wasteful packing-house practices. The methods of trimming hams, shoulders, bellies, and other standard commercial cuts have been fruitful of much waste. Large quantities of meats which could have been marketed with the primal parts have been trimmed away in an effort to prepare a fancy cut which would surpass the competitor's product in appearance. These trimmings are not wasted as in the case of fats, but their removal and absence increase the cost of the main products and create an economic loss which materially affects the consumer. They are sold at prices much less than they would have brought had they been left on the primal part or they are utilized in the manufacture of sausage or lard where much of the money value lost by trimming is regained but the economic results are not changed.

Greater practical economies may be effected in the meat-packing industry by removing all loose and semiloose fats, including the kidney knob and cod fats from beef carcasses, by dressing lamb and mutton carcasses without the caul or pluck and by returning to the simpler methods and practices of cutting and trimming many of the pork products.

Section 3.—Outline or chart of animal by-product conservation and utilization.

The various groups of organs and parts of cattle, calves, hogs, sheep, and goats which are not a part of the dressed carcasses and the principal raw materials derived from these organs and parts are shown in the following outline or chart. The more important finished articles that are prepared in whole or in part from these raw materials are indicated with a brief reference to the classes of packers who either do or do not manufacture or prepare these by-products. Brief reference is made also to the disposition or sale of the prepared or semiprepared by-products showing the form in which they leave the packers' hands, and to the classes of packers who manufacture them and the classes of trade to which they are sold.

While the chart is the most exhaustive of its kind yet published, it is not complete, because it is impracticable to supply a complete list of the many hundreds of articles, both edible and inedible, which contain considerable and definite proportions of products that are derived from parts of the animals other than the carcasses. Many of these products, while apparently foreign to the meat-packing industry, are manufactured extensively by the large packers or by their subsidiaries. The chart, however, will serve as a guide in analyzing the by-product phases of the meat-packing industry and in studying the relative efficiency of the large and small packers.

CHART SHOWING BRIEFLY THE EXTENT TO WHICH ANIMAL BY-PRODUCTS ARE CONSERVED AND UTILIZED BY THE MEAT-PACKING INDUSTRY.

CATTLE BY-PRODUCTS.

BEEF BLOOD PRODUCTS.

Beef blood: Saved and utilized by—

1. Large packers; full production.
2. Smaller packers, having fertilizer equipment; full production.
3. All slaughterers; small quantities for food; as needed or on orders.

Not saved, except for food, as needed or on orders, by—

1. Small packers and abattoirs having no fertilizer equipment.
2. Small wholesale butchers.
3. Retail butchers.

How used:

1. Sold to sausage makers; fresh liquid blood.
2. Sold for industrial purposes by a few packers.
3. In sausage by all slaughterers having sausage factories.
4. In the manufacture of blood albumen by some large packers.
5. In preparation of blood meal by all packers having fertilizer equipment. Sold to fertilizer and stock food factories.
6. In preparation of stock foods by all large packers used chiefly in preparations for calves and poultry.
7. In preparation of liquid or defibrinated blood by large packers. Sold to tanneries. Used by packer tanneries in preparation of certain kinds of leather.

BEEF-HEAD PRODUCTS.

Beef tongues: Saved and utilized by all slaughterers. How used—
1. Sold fresh by all slaughterers.
2. Frozen and stored for domestic or export market by large packers.
3. Cured and sold by nearly all packers having curing department.
4. Cured, cooked, and sold by all large packers.
5. Cured, cooked, and canned by packers having canning facilities.
6. Mutilated tongues used in sausage and canned meat products.

Tongue trimmings (lean), beef checks, beef head and jaw meat, cheek glands, and ox lips: Saved and utilized by all slaughterers. How used:
1. Cured and sold to sausage factories and meat canners, by all packers having a surplus.
2. Cured and used in sausage by all packers having sausage factories, and in canned meat products by all packers having meat canning departments.
3. In inedible tallow, and tankage if unclean, by all packers having rendering equipment.

Beef brains: Saved and utilized by all packers. How used:
1. Sold; fresh chilled; by all packers.
2. Packed, frozen, and stored for future market by all large packers having freezing and storage facilities.
3. In sausage, limited amount, by a few sausage makers.
4. Canned and cooked (canned brains) by one large packer.

Horns (covering):[1] Saved and utilized by nearly all packers. How used:
1. Selected, graded, and sold or exported to manufacturers of buttons, combs, novelties, etc.
2. Rejected horns and hoofs—
   (*a*) In hoof and horn meal for fertilizer mixtures.
   (*b*) Sold fertilizer manufacturers by many packers.
3. Horns sold with the heads, hoofs with the feet, to renderers and glue manufacturers by firms having no rendering or fertilizer equipment.

Horn piths:[2] Saved and utilized by all packers. How used:
1. In manufacture of glue by packers having glue works.
2. In preparation of gelatin (edible and inedible) by some large packers.
3. The bone residue, after the glue is extracted, is converted into fertilizer by all packers having glue and fertilizer equipments.
4. Dried and sold to glue manufacturers by small packers, also by the large packers having glue factories, when such sales are profitable.

Skulls, and jaw bones: Saved and utilized by all packers having rendering, glue, or fertilizer equipment. How used:
1. Crushed and cooked for yield in inedible tallow and bone tankage by all packers having rendering facilities.
2. After cooking, processed for their glue yield by packers having glue works.
3. Bone residue converted into fertilizer material by packers having fertilizer equipment.
4. Bone residue, also ground bone (bone meal), sold to fertilizer and stock food manufacturers, by all packers. (Large packers generally use full production in own manufactures.)
5. Sold green to renderers and glue manufacturers by concerns having inadequate or no rendering equipment.

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[1] Hoofs (covering) are treated in the same manner as horns.
[2] *Bony structure of the horn.*

Palate meats (roof of mouth, also soft palates or throat): Saved and utilized by large packers. Not saved extensively by smaller concerns. How used:

1. Scalded and skinned.
   (*a*) Used in sausage and canned meats by packers having sausage or canning departments.
   (*b*) Cured and used in sausage or sold to sausage and canning factories by some packers.
2. Sold fresh in limited quantities by some packers.

Gullets[1] (fats, muscles, and cartilages): Saved and utilized by all packers. How used:

Fats:

1. In the manufacture of oleo stock, oleo oil, and oleo stearin by all packers having oleo departments.
2. In manufacture of edible tallow by all packers having rendering equipment.
3. In manufacture of inedible tallow (if unclean) by all packers having rendering equipment.
4. Sold with or without the cartilages to rendering concerns by small slaughterers.

Muscles (tongue and throat muscles of the gullet):

1. In sausage by all packers having sausage factories.
2. Mixed and used with other meats in sausage and canned meats by all packers.

Cartilages:

1. Rendered for tallow yield—edible and inedible—and tankage by all packers having rendering facilities.
2. In the manufacture of glue by packers having glue departments.
3. Sold to renderers and glue factories by many concerns.

GLAND PRODUCTS.

Glands: Pineal, pituitary, parotid, thymus, suprarenal, prostate, and ovary. Saved by all large packers on orders; also for own laboratories by two large packers.

CATTLE FEET PRODUCTS.

Sinews:[2] Saved and utilized by all packers. How used:

1. In manufacture of glue by all packers having glue factories.
2. Sold to glue makers by all packers.

Shin bones: Saved and utilized by all packers. How used:

1. Cooked for yield in bone oil (usually inedible), also neat's-foot oil by all packers having bone-preparing departments.
2. After cooking, dried and sold to manufacturers of knife handles, novelties, etc., by all large packers.
3. Exported in large quantities to Japan by large packers.
4. Sold green with feet to renderers by small packers who do not have rendering facilities.
5. Thrown away or sold to junk collectors by small slaughterers who do not have rendering facilities.

Knuckle and foot bones: Saved and utilized by all large slaughterers. How used:

1. In manufacture of neat's-foot oil by all large packers.
2. In manufacture of glue by packers having glue works.

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[1] The trachea, or windpipe, is treated in the same manner.

[2] Also pizzles.

Knuckle and foot bones—Continued.

3. Rendered with other products by some packers.
4. In fertilizer and stock food products as raw bone, steam bone, and bone meal by large packers.
5. In bone ash for case-hardening purposes by large packers.
6. Sold to glue and fertilizer manufacturers by all large packers.
7. Sold green with feet, as in case of shin bones.
8. In the manufacture of bone phosphates, valuable as a fertilizer ingredient, and often utilized in preparation of cheap baking powders by baking-powder concerns.

Dew claws: Saved and utilized by large packers having glue and rendering facilities. How used:

1. Cooked for yield in fertilizer materials by all packers with rendering equipment.
2. In manufacture of glue by packers having glue works.
3. Wasted by most of the smaller concerns.
4. Improperly left on hides by many small slaughterers.

BEEF SWEETBREAD PRODUCTS.

Sweetbreads:[1] Saved and utilized by large packers. How used:

1. Cleaned, chilled, and sold by all packers.
2. Also frozen and stored by large packers.
3. Left on carcasses by some large packers and by nearly all smaller slaughterers.

UDDER, GENITAL ORGANS, AND "SLUNK" PRODUCTS.

Udders: Saved and utilized by all packers having rendering equipment. How used:

1. Rendered for yield in inedible tallow and tankage by all packers who have rendering equipment.
2. Animal tankage, used in mixed fertilizer and stock food preparations by large packers.
3. Animal tankage sold to manufacturers of stock foods and fertilizers by all packers having rendering equipment.
4. Sold green to renderers by small packers who do not have rendering equipment.
5. Nonlactating udders used in sausage by some packers.
6. Heifer udders left on carcasses by all packers.

Genital organs (cows and heifers): Saved and utilized by all packers having fertilizer equipment. How used:

1. In preparation of inedible tallow.
2. In animal tankage for fertilizer and stock food purposes. (1 and 2—generally—by all packers having pressure-tank rendering facilities.)

"*Slunks*" (unborn calves): Saved and utilized by all packers. How used:

1. Skins removed and sold to tanners,[2] also tanned by some packers.
2. Skinned bodies and very immature calves tanked and cooked for stock food and fertilizer purposes by packers having rendering facilities.
3. Sold to renderers or wasted by small slaughterers.

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[1] Yield from old animals, especially cows, is negligible.

[2] There are two classes of "slunk" skins, one with hair, the other without hair.

BEEF-FAT PRODUCTS.[1]

Caul fats, ruffle fats, paunch fats, neck fats, rennet fats, chip (gut) fats, machine (gut) fats, gut end fats, heart fats, pluck fats, liver fats, trimmings, also spinal cords and killing bed edible fat trimmings: Saved and utilized by all packers. How used:

1. In the manufacture of edible tallow by all packers not having oleo equipment and, in limited quantities, by all packers having oleo departments.
2. In the manufacture of oleo stock, oleo oil, and oleo stearin by all packers having oleo departments.
3. In the manufacture of lard compounds and lard substitutes by many packers.
4. Sold to renderers and oleo manufacturers for edible and inedible purposes by small packers not having rendering or oleo departments.

Oleo stock: Produced by melting the beef, veal, and mutton fats at low temperatures by all packers having oleo departments, and by independent oleo factories. It is void of all fat tissue. How used:

1. In the manufacture of oleo oil and oleo stearin by all packers having oleo departments.
2. In the manufacture of lard compounds and lard substitutes by some packers.
3. Sold to manufacturers of oleo products and of lard compounds and lard substitutes by all packers who manufacture oleo stock.
4. Exported by many packers and oleo manufacturers.

Oleo oil: Produced by all packers having oleo departments. The oil is obtained by pressing the oil element of the oleo stock through press cloths. Stearin is the substance remaining in the press cloths. How used:

1. In the manufacture of oleomargarine by all packers having oleomargarine factories.
2. Sold to oleomargarine factories.
3. Exported by large oleo manfacturers.
4. Sold to domestic trade for shortening.

Oleo stearin: Produced by all packers having oleo departments (see oleo oil). How used:

1. In the manufacture of lard compounds and lard substitutes by many packers and shortening manufacturers.
2. Sold to manufacturers of lard compounds and lard substitutes.
3. Sold to manufacturers of pastries, confections, and delicatessen products.
4. Sold to tanners and candle makers.

Inedible fats (visceral and carcass trimmings; also spoiled fats, clean-up scraps, condemned fats and carcasses and catch basin skimmings); Saved and utilized by all packers having rendering facilities. How used:

1. In the manufacture of inedible tallow[2] of many grades and tankage by all packers having rendering facilities.
2. Sold to renderers by slaughterers having no rendering facilities.

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[1] Many packers, both large and small, leave excessive amounts of semiloose fats, such as neck fats, brisket fats, heart fats, crotch fats, etc., attached to the carcasses. This has been the source of great waste. Recent unusual demands for fats for food and war purposes have made the conservation and utilization of these fats by the slaughterers at the slaughtering plants both necessary and profitable.

[2] Inedible tallow is further processed by nearly all large packers. Some of the products are tallow oil, tallow stearin, and other industrial oils.

Incdible fats—Continued.

3. Wasted by many small slaughterers.[1]
4. Rendered products sold to soap makers and manufacturers of industrial oils.

NOTE.—These products have many uses as lubricants and illuminating oils. The stearin is used extensively by tanners. Many of the packers have soap factories of which glycerin is one of the principal products.

EDIBLE VISCERAL ORGANS AND PRODUCTS.

Livers: Saved and utilized by all packers. How used:

1. Sold fresh.
2. Frozen and stored by all packers having freezing and storage facilities.
3. Limited quantities converted into liver sausage, liver puddings and loafs by all packers having sausage factories.
4. In low grade canned meat products by many packers having canning departments.

Melts or spleens: Saved and utilized intermittently by all packers. How used:

1. In sausage (low grade) by nearly all packers and sausage makers.
2. In canned meats (low grade) by many packers having meat canning establishments.
3. Saved and sold fresh on orders.
4. Frozen and stored in limited quantities by large packers having freezing and storage facilities.

Tripe (paunch product): Saved and utilized by all packers. How used:

1. Cooked and used in the manufacture of sausage and canned meat products of low grade by all packers having sausage and canning establishments.
2. In canned tripe by packers having canning establishments.
3. Cooked and packed in vinegar pickle and brine by large packers.
4. Cooked and used in the preparation of jellied tripe (loaves).
5. Cooked, frozen, and stored by large packers having freezing and storage equipment.
6. Cooked and sold by nearly all packers.
7. Sold fresh, also frozen (uncooked).
8. Tanked and rendered for inedible tallow and tankage yield by all packers and slaughterers with rendering equipment.
9. Sold to renderers by small concerns having no rendering equipment.

Rennet (fourth stomach): Saved and utilized by all large packers. How used:

1. Cleaned, scalded, and used in sausage and canned meat products (low grade) by many large packers.
2. Cleaned and used in edible tallow by many packers.
3. In manufacture of inedible tallow and tankage by all packers having rendering equipment.
4. Sold to renderers by concerns having no rendering equipment.

Hearts and heart trimmings:[2] Saved and utilized by all packers. How used:

1. Sold fresh.
2. Frozen and stored by packers having freezing and cold storage facilities.
3. In the manufacture of sausage and canned meats by all packers having sausage and canning factories.
4. Cured and used as in (3) or sold by all large packers.

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[1] Many small slaughterers make no attempt to save clean-up scraps and catch basin skimmings.

[2] Heart trimmings are used chiefly by the slaughterers producing them in the preparation of sausage and canned-meat products.

Lungs or "lights":[1] Saved and utilized by many packers. How used:

1. In sausage (low grade), by many packers having sausage factories.
2. In canned meats (low grade), by a few meat canners.
3. Cooked for tankage, fertilizers, and stock foods by packers having tanking facilities.

Weasands (weasand meat and weasand casing):[2] Saved and utilized by all packers. How used:

1. Meat cured and used in the preparation of sausage and canned-meat products by all packers having sausage and canning departments.
2. Meat sold cured or fresh to sausage makers and meat canners.
3. Casing used as sausage containers by packers.
4. Casing sold to sausage makers and casing jobbers by all packers.
5. Casing sold to brewers and to snuff container manufacturers.

MISCELLANEOUS EDIBLE PRODUCTS.

Oxtails: Saved and utilized by all packers. How used:

1. Sold fresh chilled.
2. Frozen and stored by large packers having freezing and cold-storage facilities.
3. Exported (frozen) by large packers.
4. In preparation of soup stock by canners.
5. In manufacture of glue (unmerchantable oxtails) by all packers having glue departments.

Beef kidneys and kidney knobs:[3] Saved and utilized in limited quantities by all packers. How used:

1. Kidneys sold fresh chilled.
2. Kidneys frozen and stored by large packers having freezing and storage facilities.
3. Kidneys in canned meat products by packers having canning departments.
4. Kidneys exported by large packers.
5. Kidney knobs (kidney inclosed in kidney fat); sold in limited quantities to domestic and export trade by large packers.

CASING PRODUCTS.

Weasands. (*See* Weasands under Edible Visceral Organs and Products.)

Bladders: Saved and utilized by all packers. How used:

1. As sausage containers, fresh or dry, by all sausage factories.
2. Sold dry to casing jobbers and sausage factories by all packers having excess supplies.
3. Used as containers for lard and butter in some European countries.
4. Used extensively as putty containers.

Intestines: Saved and utilized by all packers. How used:

1. Converted into casings by all packers having casing departments: (*a*) Middle casing, (*b*) round casing, (*c*) bung gut casing (cæcum).
2. Sold to sausage factories as sausage containers or to casing jobbers by all packers having excess supplies.

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[1] The use of cattle lungs for human food is increasing. They are first freed of the bronchial tubes, freely slashed and cleansed.

[2] Weasand meat is the muscular band around the esophagus. The weasand casing is the thick, tough lining of the esophagus.

[3] Removed after chilling, in the beef coolers or in cutting and boning departments.

Intestines—Continued.

3. Used as sausage containers by all sausage factories.
4. Unserviceable intestines converted into tallow and tankage by all packers having rendering facilities.
5. Bung gut skins (peritoneal covering of cæcum) removed by all large packers, cured, and sold to manufacturers of gold leaf, also to munition makers.
6. Duodenal and anal ends, also external female genital organs are converted into inedible tallow and tankage by all packers having rendering equipment.
7. Sold to renderers by slaughterers having no rendering equipment.

MISCELLANEOUS INEDIBLE PRODUCTS (INTERNAL ORGANS AND INTESTINAL AND PAUNCH CONTENTS).

Pecks (third stomach): Saved and utilized by all packers having rendering facilities. How used:

1. Washed and rendered for inedible tallow and tankage yields.
2. Sold to renderers by small concerns having no rendering facilities.

Ox gall:[1] Saved and utilized in small quantities by a few packers. How used:

1. In pharmaceutical preparations by one or two large packers.
2. In the manufacture of an ox-gall soap by one or two packers.
3. Saved and sold on orders by a few packers.

Intestinal and paunch contents: Saved and utilized by large packers. How used:

1. In preparation of low-grade fertilizer by a few large packers in Chicago and in some of the other packing centers.
2. Dried and carted away by some packers.
3. Wasted by most packers in cities where the sanitary laws are lax.

Intestinal slime: Saved and utilized by large packers. How used:

1. In manufacture of high-grade fertilizer.

Catch-basin skimmings, clean-up scrap. (*See* Inedible fat products.)

HIDES, HAIR, AND SWITCHES (CATTLE TAILS).

Hides: Saved and utilized by all packers. How used:

1. Cured and sold to tanneries by all large slaughterers.
2. Cured and sold to dealers by most small slaughterers.
3. Sold green by many small concerns.
4. Tanned by the large packers or their subsidiaries.

Hide scrap (hide trimmings and inserviceable hides): Saved and utilized by all packers. How used:

1. Cooked and converted into animal tankage and fertilizer by many packers.
2. Sold to glue factories by many packers.
3. Converted into glue by packers having glue works.

Fleshings (adhering to hides): Saved and utilized by all large packers. How used:

1. Rendered for yield in inedible tallow and tankage by large packers.
2. Sold to renderers by small concerns not having rendering facilities.
3. Improperly left on hides by many small slaughterers.[2]

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[1] Gallstones, though scarce, are saved by large packers and are very valuable.

[2] When fleshings are left on the hides they often putrefy and destroy the grain. Hair slips are common evidences of this condition. Such hides never command top market prices.

Ear hair: Saved and utilized by a few packers. How used:

1. Clipped and sold to manufacturers of art brushes. (Usually on orders.)
2. Clipping privileges let to independent individuals on contract by many packers.
3. Allowed to remain in ears by most packers.

Cattle switches (tails): Saved and utilized by all packers. How used:

1. In the manufacture of curled hair by three of the large packers.
2. Sold to hair-products manufacturers by most packers.
3. Sold with hides by many small slaughterers.

CALF BY-PRODUCTS.[1]

CALF BLOOD PRODUCTS.

Calf blood: Saved and utilized by all packers in about the same manner as beef blood.

CALF-HEAD PRODUCTS.

Calf heads: Saved and utilized by all packers. How used:

1. Cleaned and sold fresh with the four feet (sets of calves heads and feet) in limited quantities by all packers.
2. Frozen and stored in sets by all packers having freezing and storage facilities.
3. Dismembered and each product distributed as in the case of similar products of cattle heads, i. e., edible products, glue, tankage, etc.
4. After the removal of the brains and the muscular and fat tissues, the bones are sold to renderers and glue makers by small concerns.

CALF FEET PRODUCTS.

Calves feet: Saved and utilized by all packers. How used:

1. Cleaned and distributed as indicated under "Calf Heads."
2. In the manufacture of glue (the residue going to fertilizer) by all packers having glue works.
3. Tanked for yield in tallow, tankage, and steam bone by all packers having rendering facilities.
4. Rendered for oil content by some packers. Neat's-foot oil and inedible tallow.

CALF SWEETBREADS PRODUCTS.

Sweetbreads: Saved and utilized by all packers. How used:

1. Cleaned, chilled, and sold by all packers.
2. Also frozen and stored by packers having freezing and storage facilities.

CALF-FAT PRODUCTS, EDIBLE.

Caul fat, ruffle fat, fat trimmings, paunch fats, etc.: Saved and utilized by all packers. How used:

1. In the manufacture of edible tallow by all packers having rendering equipment.
2. In the manufacture of oleo stock, oleo oil, and oleo stearin, by all packers having oleo department.
3. In the preparation of inedible tallow by a few concerns.

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[1] Calf by-products are similar to beef by-products and generally are saved and utilized in the same manner and for the same purposes. Many are mixed and distributed with the beef by-products.

CALF PAUNCH, PECK, AND RENNET PRODUCTS.

Calf paunches and pecks: Saved and utilized by all packers having rendering equipment. How used:

1. In the manufacture of rennin preparations by two packers.
2. Sold to pharmaceutical firms and to cheese makers, by all large packers. (Saved generally on orders.)
3. Tanked for yield in inedible tallow and tankage by all packers having rendering equipment.
4. Sold to renderers by small concerns having no rendering equipment.

CALF MELT AND PLUCK PRODUCTS.[1]

Calf liver: Saved and utilized by all packers. How used:

1. Sold fresh chilled by all packers.
2. Frozen and stored by packers having freezing and storage facilities.

Calf lungs: Saved and utilized by all packers. How used:

1. In sausage as indicated under beef lungs.
2. Tanked and converted into fertilizer and stock food.

Trachea (windpipe) also gullets from tongue: Saved and utilized by all packers. How used:

1. Rendered into tallow (edible and inedible) and tankage by all packers having rendering equipment.
2. Sold to renderers by small concerns having no rendering equipment.

Calf melts (spleens): Saved and utilized as indicated under cattle spleens.

CALFSKIN PRODUCTS.

Calfskins: Saved and utilized by all packers. How used.

1. Generally sold on the carcass by all slaughterers.
2. Tanned by some of the large packers.
3. Sold to tanners by all packers.
4. Sold to hide dealers by smaller concerns.
5. Prepared and used for drumheads by one of the packers.
6. (Spoiled skins) used in the manufacture of glue and fertilizer products by all packers having glue and fertilizer departments.

MISCELLANEOUS CALF PRODUCTS, INEDIBLE.

Calf bladders: Saved and utilized by all packers. How used:

1. Largest cleaned, dried, and used as sausage containers (see beef bladders).
2. Inserviceable bladders, also bladder trimmings and fats tanked for yield in inedible tallow and tankage by all packers having rendering equipment.
3. Sold to renderers by small concerns having no rendering equipment.

Floor scrapings and catch-basin skimmings (*see also* Inedible Beef Fat Products): Saved and utilized by all large packers. How used:

1. In the preparation of inedible tallow.
2. Sold to renderers by small concerns having no rendering facilities.
3. Allowed to waste by small slaughterers.

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[1] Calf plucks include lungs, heart, trachea, and liver, held together by their natural attachments. Plucks are sold extensively in the fresh chilled state.

Hog By-Products.

HOG-BLOOD PRODUCTS.

Hog blood: Saved and utilized by all packers. How used:
1. In the preparation of blood tankage (dried blood or blood meal) for fertilizers and stock foods by all packers having fertilizer equipment.
2. Used by some packers and sausage makers in the preparation of blood sausage and blood puddings.
3. Wasted by most of the small slaughterers.

HOG HAIR AND BRISTLE PRODUCTS.

Hog hair and bristles: Saved and utilized by all packers. How used:
1. In curled hair products by some of the large packers.
2. Sold to manufacturers of curled hair by all packers.
3. Sold to plaster manufacturers by all packers.
4. Sold to hair felt and other animal hair product manufacturers by all packers.
5. (Screenings) tanked by large packers.
6. Converted into fertilizer materials by all packers having fertilizer equipment.
7. Sold to fertilizer concerns by small packers.
8. (Bristles) sold to brush manufacturers by all large packers.
9. Wasted by many local slaughterers.

HOG CASING PRODUCTS.

Bladders: Saved and utilized by all large packers. How used:
1. Cleaned, dried, and used as sausage containers.
2. Sold to casing dealers.
3. Rejects rendered for yield in inedible grease and tankage.
4. Thrown away by small slaughterers.

Casings (Hog bung casings, hog middle casings and regular hog casings): Saved and utilized by all but small slaughterers. How used:
1. Cleaned, cured and used for sausage containers.
2. Sold to casing dealers and sausage factories by all packers having casing departments.
3. Let to contracting casing firms by some packers.
4. Sold to renderers or thrown away by some small concerns having no rendering facilities.
5. Inservicable intestines tanked and rendered for yield in inedible grease and tankage.

Chitterlings (curly intestines), edible: Saved and utilized in considerable quantities in the winter season by all packers chiefly for southern trade. How used:
1. Cleaned, chilled, and sold.
2. Cleaned, packed, frozen, and held for future market by large packers.

HOG FAT PRODUCTS.

Killing fats (all edible fats obtained from hog viscera[1] and carcasses[2] on killing floors and offal department): Saved and utilized by all slaughterers. How used.
1. In prime steam lard by all packers having pressure tanks.
2. In open kettle rendered lard by small slaughterers.

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[1] Ruffle fat, veil or caul fat, "gut" fat, stomach fat, pluck fat, "crown" fat, etc.

[2] Leaf fats, ham facings, neck fats, head fats, fat trimmings, scrap leaf fat, fat skimmings (edible), etc.

Killing fats—Continued.

3. Leaf fats and scrap leaf fats are melted, producing neutral lard by the large packers.
4. Leaf fats chilled and sold by all packers.
5. Sold to lard makers and rendering concerns by a few small slaughterers.

Cutting fats (chilled fat trimmings removed on cutting floors): Saved and utilized by all packers. How used:

1. In prime steam lard by all packers having pressure tanks.
2. In open kettle rendered lard by small packers having no pressure tanks.
3. Sold to lard makers by small concerns having no rendering facilities.

Prime steam lard: Manufactured by packers having pressure tanks. How used:

1. Sold to refiners in tierce and tank car containers.
2. Sold to trade in tierces and smaller packages.
3. Refined by all large packers and sold under standard brands and copyrighted labels by all large packers.
4. Held in storage pending orders by all large packers having storage facilities.

Kettle rendered lard: Manufactured by all packers having kettle rendering equipment. How used:

1. Sold to trade in standard packages.
2. Held in storage for brief period pending orders.

Neutral lard: Manufactured by large packers. How used:

1. In the manufacture of oleomargarine by large packers having oleomargarine factories.
2. Sold to trade, principally oleomargarine manufacturers.
3. Exported.

Inedible fats (unclean fats, spoiled fats, floor scrapings, catch basin skimmings, diseased carcasses and parts, also dead animal, etc.): Saved and utilized by all slaughterers except small butchers. How used:

1. Rendered into various grades of greases, some of which are refined and further processed, producing various grades of oils and stearins for lubricating, illuminating and other industrial purposes by the large packers. Greases are sold generally to soap makers by all packers, especially by the smaller ones, without further processing.

Tankage, cracklings, scrap, "stick," and glue stock:[1] Saved and utilized as follows:

Tankage: By all packers having rendering facilities. How used:

1. In the preparation of stock foods and fertilizers by all packers having fertilizer equipment.
2. Sold to fertilizer and stock-food manufacturers by all packers who produce these products.

Cracklings: By all packers making open kettle-rendered lard. How used:

1. Rendered for further yield in prime steam lard and tankage by large packers.
2. Sold for stock and poultry food by small concerns.

Scrap: By all packers making neutral lard. How used:

1. Rendered for further yield in prime steam lard and tankage by large packers.

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[1] *Tankage* is the bone and tissue residue after oils have been extracted either by long cooking under steam pressure or in vats at high temperature. *Cracklings* are the cooked tissues remaining after fats have been cooked by the open-kettle rendering process. *Scrap* is the partly rendered fat and tissue remaining after melting the fats in the manufacture of neutral lard. "*Stick*" is the semisolid substance remaining after evaporating the tank waters in which meats have been cooked under pressure. *Glue stock* is the glutinous substance extracted from tank and vat waters drawn before cooking process is completed. It is very similar to "stick" or concentrated animal tankage.

Tankage, cracklings, scrap, "stick," and glue stock—Continued.

"Stick": By large packers having special evaporators for that purpose in connection with their fertilizer equipment. How used:

1. In the preparation of high-grade animal tankage and fertilizer; often mixed with low-grade tankage.

Glue stock: By a few large packers who have glue works. How used:

1. In the preparation of low-grade glues.

HOG GLAND PRODUCTS.[1]

Ovaries: Saved and utilized by one or two large packers in the preparation of pharmaceutical products. By others, on orders from manufacturers of pharmaceutical products.

Pancreas (hog sweetbread): Saved by all large concerns on order. Used by one or two packers in their pharmaceutical establishments.

Thyroids: Saved and utilized by one or two large packers in their pharmaceutical establishments. Saved by others on orders for pharmaceutical concerns.

Hog melts or spleens: Saved and sold fresh or frozen by all packers, also used in limited quantities in the preparation of low grade sausage and canned meat products.

HOG-STOMACH PRODUCTS.

Hog stomachs: Saved and utilized by all packers. How used:

1. As containers for cooked sausage (head cheese) by all packers having sausage factories.
2. Sold to sausage makers to be used as cooked sausage containers.
3. Small quantities sold fresh chilled by all packers.
4. In the preparation of sausage and canned meat products by packers.
5. Rendered for yield in lard and tankage by many packers.
6. Sold to renderers or wasted by concerns having no rendering facilities.

HOG SKIN PRODUCTS.

Pig skins: Saved and utilized by many packers. How used:

1. In the preparation of cooked sausage by packers having sausage departments.
2. (Fat back and ham skins) freed of fat and sold to tanneries by large packers.

HOG-PLUCK PRODUCTS.

Hog hearts: Saved and utilized by all packers. How used:

1. Sold with pluck in limited quantities by all packers.
2. Used in sausage and canned meats as indicated under "Beef hearts."
3. Cured and sold to sausage makers and meat canners.

Weasand meat, lean pluck trimmings, giblet meat, and heart trimmings: Saved and utilized by all except small slaughterers. How used:

1. Chiefly in the manufacture of sausage.
2. In the manufacture of canned meat products by meat canneries.
3. Rendered for yield in grease and tankage by some slaughterers.
4. Sold to renderers or wasted by small concerns.

Hog livers: Saved and utilized by all packers. How used:

1. Sold fresh.
2. Frozen and stored for future orders by large packers having freezing storage facilities.

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[1] See p. 500, Exhibit XVII.

Hog livers—Continued.

3. In the preparation of liver sausage, puddings, and meat loaves by packers having sausage factories.
4. In low-grade canned meat products by some meat canners.
5. Tanked for yield in tankage for stock food and fertilizer purposes.

Hog lungs: Saved and utilized by all packers having rendering equipment, converted into tankage and used in the manufacture of fertilizer and stock foods.

Pluck trimmings—fat: Saved and handled as indicated under "Hog-fat products."

HOG-HEAD PRODUCTS.

Hog heads: Saved and utilized by all packers. How used:

1. Whole heads cleaned, chilled, and sold fresh; also—
2. Frozen and stored for future orders by packers having freezing and storage facilities.
3. Whole heads cleaned and cooked; the meats being used in the preparation of scrapple and other cooked-meat products by some sausage makers.
4. Dismembered and distributed as indicated below.

Hog tongues: Saved and utilized by all packers. How used:

1. Chilled and sold fresh.
2. Cooked and packed in vinegar pickle and brine products by large packers.
3. In sausage and loaves by sausage makers.
4. In canned-tongue products by meat canners.
5. Cured and sold to sausage makers and meat canners by large packers.
6. Cured and smoked for special trade by a few small packers.

Hogs' ears, lips, and snouts: Saved and utilized by all packers. How used:

1. Cooked and packed in vinegar pickle or brine by large packers.
2. In cooked sausage products by sausage makers.
3. Sold fresh chilled by all packers.
4. Packed, frozen, and stored for future markets by packers having freezing and storage facilities.
5. Cured and used as needed or sold by all packers.
6. Cleaned and rendered into lard by packers having rendering equipment.
7. Converted into grease by many packers.
8. Converted into glue by many packers having glue works.
9. Sold to renderers and glue makers by small concerns.

Hog brains: Saved and utilized by all packers. How used:

1. Removed, packed, and sold fresh chilled; also
2. Frozen and stored by packers having freezing and storage equipment.
3. In cooked, canned brains by one or two large packers.
4. In sausage and canned meat products, in limited quantities, by some sausage makers.

Head and jaw bones: Saved and utilized by all packers. How used:

1. Rendered for yields in lard, also steam or raw bone and tankage after the teeth, nasals (ethnoid and turbinated bones), and ear canals have been removed, by all large packers.
2. The teeth, nasals (ethnoid and turbinated bones), and ear canals, also some whole heads, rendered for grease, and steam or raw bone and tankage yields, by all packers having rendering facilities.
3. In the preparation of glue by packers having glue works.
4. Sold to renderers and glue makers by small concerns.

Hog head skins and fats: Saved and utilized by all packers, as indicated under "Hog-fat products."

MISCELLANEOUS HOG PRODUCTS.

Pork kidneys: Saved and utilized by all packers. How used:

1. Sold fresh chilled.
2. Packed, frozen, and stored for future orders or exported by all large packers.
3. In the preparation of low-grade sausage and canned meats and stews by some sausage makers and canners.

Pigs' feet: Saved and utilized by all packers. How used:

1. Cleaned, chilled, and sold fresh.
2. Cured, cooked, split, packed in vinegar pickle or brine and sold by all large packers.
3. In jellied feet products by sausage makers.
4. Cured and sold to trade in barrels and tierces for further processing.
5. Cleaned and rendered for yields in lard, steam or raw bone, and tankage by all large packers.
6. In the preparation of glue by packers having glue works.
7. Sold green to renderers and glue makers by many packers.

Pig toes or nails: Saved and used in fertilizer products by many packers having fertilizer departments.

Condemned pork products, carcasses and parts; dead hogs, floor scrapings, vat skimmings (inedible); and all pork wastes from killing, cutting, and processing departments: Saved and utilized as indicated under "Hog-fat products, inedible."

SHEEP, LAMB, AND GOAT BY-PRODUCTS.[1]

BLOOD PRODUCTS.

Blood: Saved and utilized by all large packers in the preparation of fertilizer and stock foods; not generally saved by small slaughterers.

SKIN AND PELT PRODUCTS.

Sheep and lamb pelts and goatskins: Saved and utilized by all slaughterers. How used:

1. Sold to tanners and wool pullers by large packers.
2. Sold to dealers by small concerns.
3. Wool and fleece removed from sheep and lamb pelts, washed or scoured,[2] and sold by some of the large packers. Utilized by the subsidiaries of some of the large packers.
4. The slats (skins after wool or fleece is removed) are sold to tanneries by some of the packers.

SHEEP-FAT PRODUCTS.

Caul fats: Saved and utilized by all slaughterers. How used:

1. In caul dressing lamb carcasses in various styles by all slaughterers, according to the demands of the markets to be supplied. (Now discontinued temporarily by packers under the supervision of the United States Food Administration.)[3]

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[1] No reference is made to lamb and goat by-products, which are handled in the same manner as sheep by-products.

[2] The grease from scoured wool and fleece is saved and converted into inedible tallow by some of the packers. One packer utilizes a limited amount in its pharmaceutical department in the production of lanolin, used extensively as a base for ointments.

[3] This statement written in September, 1918.—*Federal Trade Commission.*

Caul fats—Continued.

2. In the manufacture of oleo stock, oleo oil, and oleo stearin by packers having oleo departments.
3. In edible tallow by all slaughterers having rendering facilities.
4. Sold to renderers by small slaughterers having no rendering facilities.

Ruffle, gut, and carcass dressing fats, edible: Saved and utilized by all slaughterers. How used:

1. In the preparation of oleo stock, oleo oil, and oleo stearin by packers having oleo departments.
2. In edible tallow by all slaughterers having rendering facilities.
3. Sold to renderers by small slaughterers having no rendering facilities.

Inedible fats (condemned, unclean, and diseased fats, catch-basin skimmings, and floor scrap): Saved and utilized by all slaughterers having rendering facilities. How used:

1. In the manufacture of inedible tallow by all packers having rendering facilities, especially by large packers. Smaller concerns save and utilize the larger particles of fats, allowing the floor scrap and smaller particles to be wasted.
2. Sold to renderers by small concerns having no rendering facilities.
3. Residue from rendering used in the preparation of stock foods and fertilizers by packers having establishments for these purposes.

SHEEP STOMACH PRODUCTS.

Sheep tripe: Saved and utilized extensively by large packers. How used:

1. Cleaned and used in the manufacture of sausage and canned meats as indicated under cattle tripe.
2. In jellied tripe products by many packers having sausage departments.
3. Rendered for yield in inedible tallow and tankage by all slaughterers having rendering facilities.
4. Sold to renderers by packers having no rendering facilities.

SHEEP-HEAD PRODUCTS.

Sheep heads: Saved and utilized by all packers. How used:

1. Whole heads cleaned and sold (on orders) by many packers.
2. Sold to renderers and glue makers by small concerns having no rendering facilities.
3. Dismembered and distributed as indicated below.

Sheep tongues: Saved and utilized by all slaughterers. How used:

1. In sausage and canned meat products by all packers, having sausage and canning departments (tongue loaf, tongue sausage, jellied tongue, and canned tongue).
2. Cured, cooked, and packed in brine or vinegar pickle according to trade requirements, by large packers.
3. Sold fresh chilled by all packers.
4. Frozen and stored by packers having freezing and storage facilities.
5. Cured and sold by large packers.

Sheep cheek, head and jaw meats, and lips:[1] Saved and utilized by all packers. How used:

1. In sausage and canned meat products by all packers having sausage and canning departments.
2. Sold to sausage and canning factories by all packers having a surplus.

Sheep brains: Saved and utilized by all packers as indicated under hog brains.

[1] Sheep giblet meat (pillars of the diaphragm) are mixed with these products.

SHEEP PLUCK PRODUCTS.

Sheep plucks: Saved and utilized by all slaughterers. How used:

1. From 25 to 45 per cent left in sheep and lamb carcasses, according to the demands of the markets supplied.
2. Sold fresh chilled by all packers.
3. Dismembered and distributed as indicated below.

Sheep hearts: Saved and utilized as indicated under "Hog hearts."

Sheep livers: Saved and utilized by all packers as indicated under "Hog livers."

Sheep lungs and windpipes: Saved and utilized by all packers. How used:

1. The lungs are treated as indicated under "Hog lungs."
2. Cooked for yield in inedible tallow and tankage by all packers having rendering facilities.
3. Sold to renderers by small concerns having no rendering facilities.

SHEEP-GLAND PRODUCTS.[1]

Sheep glands (suprarenals, thyroids, thymus, pancreas, mammary, pineal, pituitary, and testicles or fries):[2] Saved and utilized by one or two large packers in the preparation of pharmaceutical products or saved on orders for pharmaceutical concerns by all large packers.

SHEEP INTESTINAL PRODUCTS.

Sheep casings: Saved and utilized by all except very small slaughterers. How used:

1. As a sausage container by all packers having sausage factories.
2. Prepared and sold to sausage factories and casing jobbers.
3. In the manufacture of gut strings for musical instruments, tennis racquets, looms, surgeons' ligatures (cat gut), etc., by some of the largest packers.
4. Rejected intestines rendered for tallow and tankage yields by packers having rendering equipment.
5. Contracted to casing manufacturing firms by some packers.

MISCELLANEOUS INEDIBLE PRODUCTS.

Bladders, udders, genital organs, rejected intestines, inedible fats, melts, gall bags, bruises, condemned products, pecks, rennets, floor scrapings, catch-basin skimmings, etc.: Saved and utilized by all packers as indicated under similar inedible products from cattle, calves, and hogs.

Sheep manure: Saved and utilized by some packers in the preparation of fertilizers.

CHAPTER IX. CONCLUSIONS.

The great power of the five packers in the meat, by-product, and food industries, the history of their growth, the ramifications of their control and influence, their interrelations, and the corporate machinery through which they work, are matters that command public attention.

A fair consideration of the course the five packers have followed and the position they have already reached must lead to the conclusion that they threaten the freedom of the market of the country's

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[1] See page 563, Exhibit XVII.

[2] Lamb fries are saved and sold fresh or frozen by all packers.

food industries and of the by-product industries linked therewith. They constitute a force operating with increasing power in the direction of monopoly of an important part of the country's necessities.

An approaching packer domination of all important foods in this country and an international control of meat products with foreign companies seems a certainty unless fundamental action is taken to prevent it. The meat packer control of other foods will not require long in developing. However rapid the acquisition of slaughtering plants and stockyards, private car lines and systems of branch houses has been, it can not be compared with the rapidity with which the big packers, now possessed of an unrivaled organism for controlling distribution, can make themselves dominant in other fields of the food industry.

It has been shown that in 1917 Armour & Co. as an incident to its business of the year, from handling practically no rice became the greatest rice merchant in the world; and that in the same year it made an increase of $9,500,000 in its sales of canned goods, this increase being more than one and a half times as great as the total sales of canned goods by two of the largest independent wholesalers in the country, concerns which have built up their trade in the course of a long period of business enterprise.

The history of the packers' growth in power is interwoven with illegal combinations, rebates, and with undisclosed control of corporations. As to the devices for secret control (whether used by the packers or by others) there does not exist adequate law. Present law does not reach the "bearer warrant" device found in the case of the Chicago Stock Yards Co. of Maine or the much used dummy stockholder device illustrated in the Kansas City Stock Yards Co. and the Chicago Bearing Metal Co. Public interest suffers by secrecy of ownership. The true ownership should be open, ascertainable without need of searching investigation by governmental agencies.

The competitor is in jeopardy so long as he has not the knowledge of true ownership and the public is entitled to such knowledge. Unfair methods of competition are now made unlawful by the Federal Trade Commission act, and among such methods the maintenance of bogus competitors is one, but in the absence of law preventing secrecy of ownership, unfair competition may run its course to the goal of monopoly and accomplish the ruin of competitors without the secret ownership being suspected and consequently without complaint to the Commission or investigation of the facts.

A customer or consumer is also entitled to know, it would seem, what owners are behind a company that solicits public patronage of its goods or service. A man who consciously desires not to patronize a given company should not be put in the position of subsequently finding that he has unconsciously been purchasing from the same interests under a different name.

The theory of the chartering of corporations by the State involves a certain degree of supervision and regulation of the corporation, one customary requirement being that the incorporators of the company shall be named. It is still more important that the supervising power should know the ownership that directs the policy of a company in its active life.

Investors and minority stockholders, in fairness, should know the real control of the corporations in which they propose to place or have placed their money; and conversely majority stockholders when outsiders buy into a company should know who it is that has become a stockholder.

It is of especial importance, publicly, that ownership should be open in order to prevent evasion of surtaxes on income. Income returned in the name of a dummy if taxed on the basis of the dummy's income in practice pays a less rate than if it were taxed to the true owner.

EXHIBITS.

Exhibit I.

THE PRESIDENT'S LETTER DIRECTING THE INVESTIGATION.

The White House,
Washington, 7 February, 1917.

My dear Mr. Chairman: An adequate supply of food products is a matter of concern to the Nation at all times. It is of peculiar importance at present. Our domestic food supply is normally very large and has become increasingly varied. In some respects it has steadily expanded and has kept pace with the increasing population. Unfortunately, this is not true, however, of a number of important staple products, including certain cereals and particularly meats. While the population of the Nation has increased 26,000,000 since 1900, the production of the two leading cereals, corn and wheat, while tending to increase, has shown only a slight advance; and that of the meat products in the same period has shown an increase of only 3,500,000,000 pounds—a decrease of 29 pounds *per capita.*

Much can be done, and is being done, to change this situation through improved methods of production and through the control or eradication of plant and animal diseases. But there are problems also of distribution; and, in some respects, the problems presented in this field are the more difficult. Only recently have official agencies been created to deal systematically with this side of the difficulty. Much work has been done, and, considering the limited nature of the powers under which it has been conducted, no little headway has been made, particularly in obtaining and diffusing useful information. Nevertheless, it is not yet clear in many directions just what

the nature of the difficulty is or what measures should be adopted to effect fundamental improvements. Many necessary facts are not available, and it is questionable whether any single agency of the Government at present possesses the requisite power and equipment to secure the information needed to enable both public and private instrumentalities to render their fullest service to the people. It is obvious that there will be no sufficient incentive to enlarge production if there does not exist an unobstructed and economical system of distribution. Unjustifiable fluctuations in prices are not merely demoralizing; they inevitably deter adequate production.

It has been alleged before committees of the Congress, and elsewhere, that the course of trade in important food products is not free, but is restricted and controlled by artificial and illegal means. It is of the highest public concern to ascertain the truth or falsity of these allegations. No business can be transacted effectively in an atmosphere of suspicion. If the allegations are well-grounded, it is necessary that the nature and extent of the evils and abuses be accurately determined, so that proper remedies, legislative or administrative, may be applied. If they are not true, it is equally essential that the public be informed, so that unrest and dissatisfaction may be allayed. In any event, because of the grave public interests which the food supply affects, the efficient performance of the duties imposed upon agencies of the Government requires that all the pertinent facts be ascertained. To this end, the powers of such agencies should be made adequate, if in any respect they are now deficient.

Pursuant to the authority conferred upon me by the Act creating the Federal Trade Commission, therefore, I direct the Commission, within the scope of its powers, to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs and the products or by-products arising from or in connection with their preparation and manufacture; to ascertain the facts bearing on alleged violations of the antitrust acts, and particularly upon the question whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest.

I am aware that the Commission has additional authority in this field, through the power conferred upon it, to prevent certain persons, partnerships, or corporations from using unfair methods of competition in commerce. I presume that you may see fit to exercise that authority, upon your own initiative, without direction from me.

The Department of Agriculture has been engaged for several years in studying problems of distribution. I have noted that it has been proposed in the Congress to add to the funds of the department and give it larger powers to conduct its investigations. As its activities will touch phases of the problem I am calling to your at-

tention which may not be covered by your inquiry, and may furnish information of great importance for the purposes contemplated, I shall direct that department to cooperate with you in this enterprise.

For the adequate prosecution of the inquiry by both your Commission and the Department of Agriculture, it is essential that sufficient funds be available. I accordingly request that you furnish me at the earliest possible moment an estimate for an appropriation, if one is needed, to supplement existing appropriations, to enable you successfully to carry out the investigation.

A copy of this letter is being sent to the Secretary of Agriculture, with the direction that his Department cooperate with you and with the request that he furnish an estimate for the funds needed by his Department.

Sincerely yours,

(Signed) WOODROW WILSON

Hon. WILLIAM J. HARRIS,
Chairman, Federal Trade Commission, Washington, D. C.

EXHIBIT II.

DISTRIBUTION AND GEOGRAPHIC TENDENCIES OF LIVE STOCK PRODUCTION IN THE UNITED STATES.[1]

In this exhibit is presented detail with respect to the meat supply of the United States in amplification of general statements made on this subject on pages 83 to 86 of this volume. The matter here given has to do principally with the distribution and geographic tendencies of our live-stock production.

CATTLE—*Changes in centers of production: 1880–1917.*—Two maps[2] showing the distribution of cattle in 1910 are here reproduced. Map 1 shows the distribution of all cattle, excluding calves, and Map 2 the distribution of steers and bulls in 1910. Inserts in the maps show estimated figures by States for 1917. The general appearance of the maps if data by counties were available for 1917 would be very little different from these 1910 maps. It will be noted that cattle are fairly evenly distributed through the entire eastern half of the United States, with a marked concentration in the dairy regions of eastern Wisconsin and central New York, and throughout the State of Iowa.

By referring to the map on steers and bulls, it will be seen that the greatest concentration is found in the State of Iowa and in portions of eastern Kansas. The greatest number of steers was reported

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[1] Acknowledgment: The maps in Exhibit II are reproduced from the Yearbook of the Department of Agriculture for 1915, except Map 7, which was adapted by permission from an unpublished map prepared in the Office of Farm Management.—*Federal Trade Commission.*

[2] Yearbook of the Department of Agriculture, 1915, pp. 392–393.

in Texas, but their distribution through that State is not nearly as dense as that in Iowa. Throughout the Western States there is a fairly even but not a dense distribution of steers and bulls. This map emphasizes the fact that in the West, agriculture, even of the most extensive type, namely grazing, is possible only in the more level and less arid regions, and that, contrary to popular belief, the eastern half of the country, that is the part east of the one hundredth meridian (approximately Dodge City, Kans.), produces more beef animals than the western half with its immense expanse of grazing land.

It is significant that the importance of the East in the production of cattle is increasing, as is fully demonstrated by the table which follows.

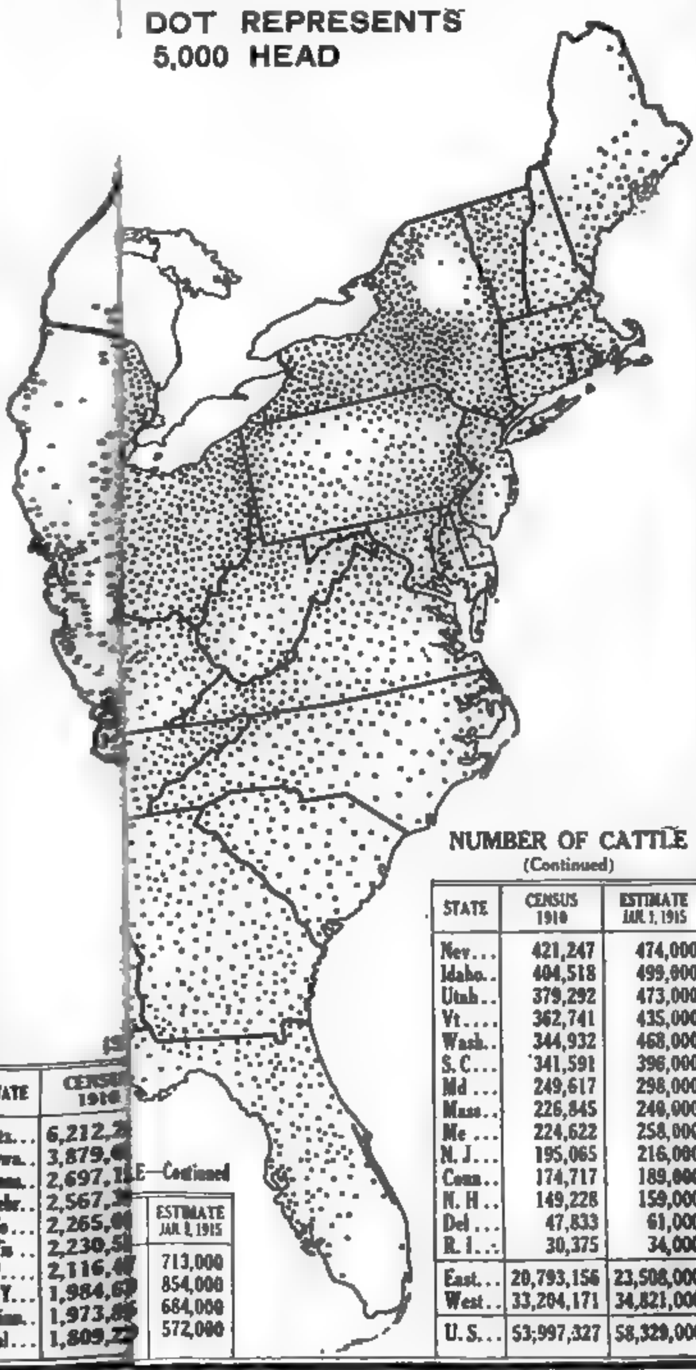
TABLE I.—*Number and percentage distribution of cattle other than dairy cows (excluding calves) in each geographic division and section, 1880–1918.*

Geographic division.	Number of cattle, other than dairy cows (excluding calves).				
	Jan. 1, 1918.[1]	Apr. 15, 1910.[2]	June 1, 1900.[2]	June 1, 1890.[2]	June 1, 1880.[2]
United States	33,966,000	33,371,695	35,268,195	[3] 41,136,812	[3] 27,232,413
New England	476,000	326,830	423,066	589,851	750,796
Middle Atlantic	1,504,000	932,960	1,162,284	1,520,812	1,840,755
East North Central	4,061,000	3,540,117	3,924,903	5,280,905	4,638,135
West North Central	10,293,000	9,997,697	10,894,153	[3] 11,079,539	[3] 5,793,952
South Atlantic	2,635,000	2,453,358	2,106,082	2,520,641	[3] 2,870,967
East South Central	1,893,000	1,832,209	1,465,739	2,510,110	1,950,590
West South Central	5,621,000	7,198,262	9,458,409	[3] 9,160,379	[3] 5,617,709
Mountain	5,387,000	5,113,412	4,432,496	[3] 6,592,193	[3] 2,640,468
Pacific	2,098,000	1,977,060	1,400,043	[3] 1,882,122	[3] 1,313,994
East of the Mississippi	10,568,000	9,085,464	9,083,064	12,422,300	[3] 11,866,296
West of the Mississippi	23,398,000	24,286,431	26,185,131	[3] 28,714,533	[3] 15,366,117

Geographic division.	Percentage distribution.				
	Jan., 1918.	Apr., 1910.	June, 1900.	June, 1890.	June, 1880.
United States	100.0	100.0	100.0	100.0	100.0
New England	1.4	1.0	1.2	1.4	2.8
Middle Atlantic	4.5	2.8	3.3	3.7	6.8
East North Central	12.0	10.6	11.1	12.8	17.0
West North Central	30.0	30.0	30.9	26.9	21.3
South Atlantic	7.8	7.4	6.0	6.1	9.8
East South Central	5.6	5.5	4.2	6.1	7.2
West South Central	16.6	21.6	26.8	22.3	20.6
Mountain	15.9	15.3	12.6	16.0	9.7
Pacific	6.2	5.9	4.0	4.6	4.8
East of the Mississippi	31.3	27.2	25.8	30.1	43.6
West of the Mississippi	68.7	72.8	74.2	69.8	56.4

[1] Based on estimates supplied by the Bureau of Crop Estimates, Department of Agriculture.
[2] Census figures.
[3] Includes estimated number on public ranges.

The percentage of cattle, exclusive of dairy cows, east of the Mississippi, was 43.5 in 1880, 30.1 in 1890, and 25.8 in 1900. That is, during the 20 years preceding the close of the nineteenth century, the trend of the development of cattle production was westward. In 1910, however, the percentage east of the Mississippi had increased to 27.2, and in 1918 it was 31.3, a greater percentage than that in 1890. Looking at the individual geographic divisions, it will



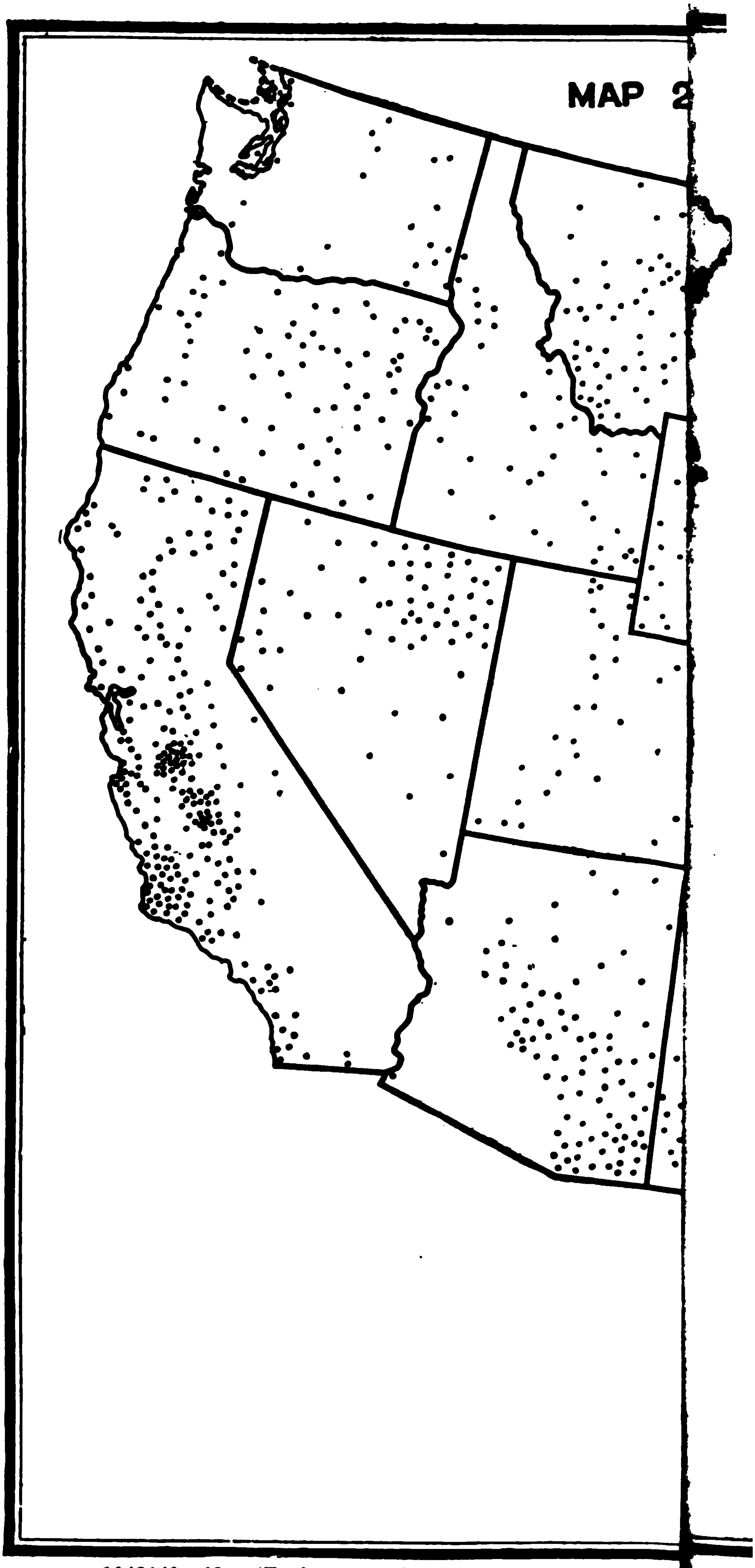
STATE	CENSUS 1910
Tex. . .	6,212,2[illegible]
Iowa. .	3,879,[illegible]
Kans. .	2,697,1[illegible]
Nebr. .	2,567,[illegible]
Mo. . .	2,265,[illegible]
Wis . .	2,230,5[illegible]
Ill. . . .	2,116,4[illegible]
N.Y. . .	1,984,6[illegible]
Minn. .	1,973,8[illegible]
Cal . . .	1,809,2[illegible]

[illegible]LE—Continued

ESTIMATE JAN 1, 1915
713,000
854,000
684,000
572,000

NUMBER OF CATTLE
(Continued)

STATE	CENSUS 1910	ESTIMATE JAN. 1, 1915
Nev. . .	421,247	474,000
Idaho. .	404,518	499,000
Utah . .	379,292	473,000
Vt. . . .	362,741	435,000
Wash. .	344,932	468,000
S. C. . .	341,591	396,000
Md . . .	249,617	298,000
Mass. .	226,845	240,000
Me . . .	224,622	258,000
N. J. . .	195,065	216,000
Conn. .	174,717	189,000
N. H . .	149,228	159,000
Del . . .	47,833	61,000
R. I. . .	30,375	34,000
East. . .	20,793,156	23,508,000
West. .	33,204,171	34,821,000
U. S. . .	53;997,327	58,320,000



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be noted that the percentage east of the Mississippi increased between 1910 and 1918, in every geographic division, except the West South Central, where there was a decrease of 5 per cent, and the West North Central, where the percentage remained unchanged. The most significant increase is that in the East North Central States, which are notably devoted to general diversified farming.

In connection with the present and future meat situation in the United States, this trend toward the East is of great significance. So long as large proportions of cattle were raised in thinly populated regions and had to be shipped East toward the centers of population, the great live-stock markets of the Middle West, and particularly of Chicago, occupied a strategic and advantageous position. With the decrease in the relative importance of the western ranges, and the increase in the production of cattle throughout the general farming regions, together with the increase of population in the range States, the situation changes. It becomes much more desirable to have local slaughterhouses providing for the needs of the neighborhood without expenditure for freight, going and coming. Hence the development of municipal abattoirs, of cooperative live-stock marketing associations, and of local packing plants is indicated.

CHANGES IN DISTRIBUTION OF POPULATION, 1880–1917.—The growth of population in the western half of the country exerts an influence toward decentralization of the meat-slaughtering business. Table II shows the percentage of population in each geographic division, and east and west of the Mississippi River, in every census year since 1880.

TABLE II.—*Percentage distribution of the population of the United States, by geographic divisions, 1880–1917.*

Division and section.	Percentage distribution of population.				
	[1] 1917	1910	1900	1890	1880
United States	100.0	100.0	100.0	100.0	100.0
The North	59.7	60.6	62.3	63.3	63.5
New England	7.0	7.1	7.4	7.5	8.0
Middle Atlantic	21.4	21.0	20.3	20.2	20.9
East North Central	19.2	19.8	21.0	21.4	22.3
West North Central	12.1	12.7	13.6	14.2	12.3
The South	31.8	32.0	32.3	31.8	32.9
South Atlantic	13.0	13.3	13.7	14.1	15.1
East South Central	8.7	9.1	9.9	10.2	11.1
West South Central	10.1	9.6	8.6	7.5	6.6
The West	8.5	7.4	5.4	4.9	3.5
Mountain	3.2	2.9	2.2	1.9	1.3
Pacific	5.3	4.6	3.2	3.0	2.2
East of the Mississippi	69.3	70.4	72.4	73.4	77.6
West of the Mississippi	30.7	29.6	27.6	26.6	22.4

[1] Estimated.

The population of the West is rapidly growing and its proportion of the total population of the United States increased from 22.4 per cent in 1880 to 29.6 per cent in 1910, and to 30.7 in 1917. The population of the West North Central and Mountain divisions, where most of the range land is situated, increased 89 per cent and 303 per cent, respectively, during the 30 years, 1880–1910. Thus the local market for the western live stock has increased to a considerable extent and the relative amount available for shipment to the East has correspondingly decreased.

HOGS.—The hog is a most efficient converter of vegetable into animal food. By reference to the following table by Messrs. Morton O. Cooper and W. J. Spillman, of the Department of Agriculture,[1] showing the production of human food per acre, it is seen that pork produces 22.7 pounds of protein per acre and 673,000 calories. This is considerably more protein and five times as much energy as that produced from an acre devoted to beef or mutton.

This table, together with the method of arriving at the figures in it,[2] is of special interest.

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[1] Human Food from an Acre of Staple Farm Products. Morton O. Cooper and W. J. Spillman. (Farmers' Bulletin 877, p. 4. Department of Agriculture, Washington.)

[2] The method of arriving at the figures in this table is shown on pp. 5–6 of the Bulletin, as follows:

"The production of live-stock products per acre was arrived at by assuming the acre to be devoted to crops suitable for feeding the kind of animal under consideration and in the proper proportion to give a balanced ration. In cases where it is not practicable to do this because of the necessity of using some feed not produced on the farm, it is assumed that a suitable proportion of the acre product is exchanged for what else is needed.

"In the case of hogs the product of four-fifths of an acre of corn (28 bushels) and one-fifth of an acre of clover are assumed to constitute the feed used. When fed to hogs in this proportion a bushel of corn and the amount of clover consumed with it will make 12½ pounds growth. (See various experiment-station reports.) An acre utilized in this manner will thus produce 350 pounds of increase in live weight in hogs.

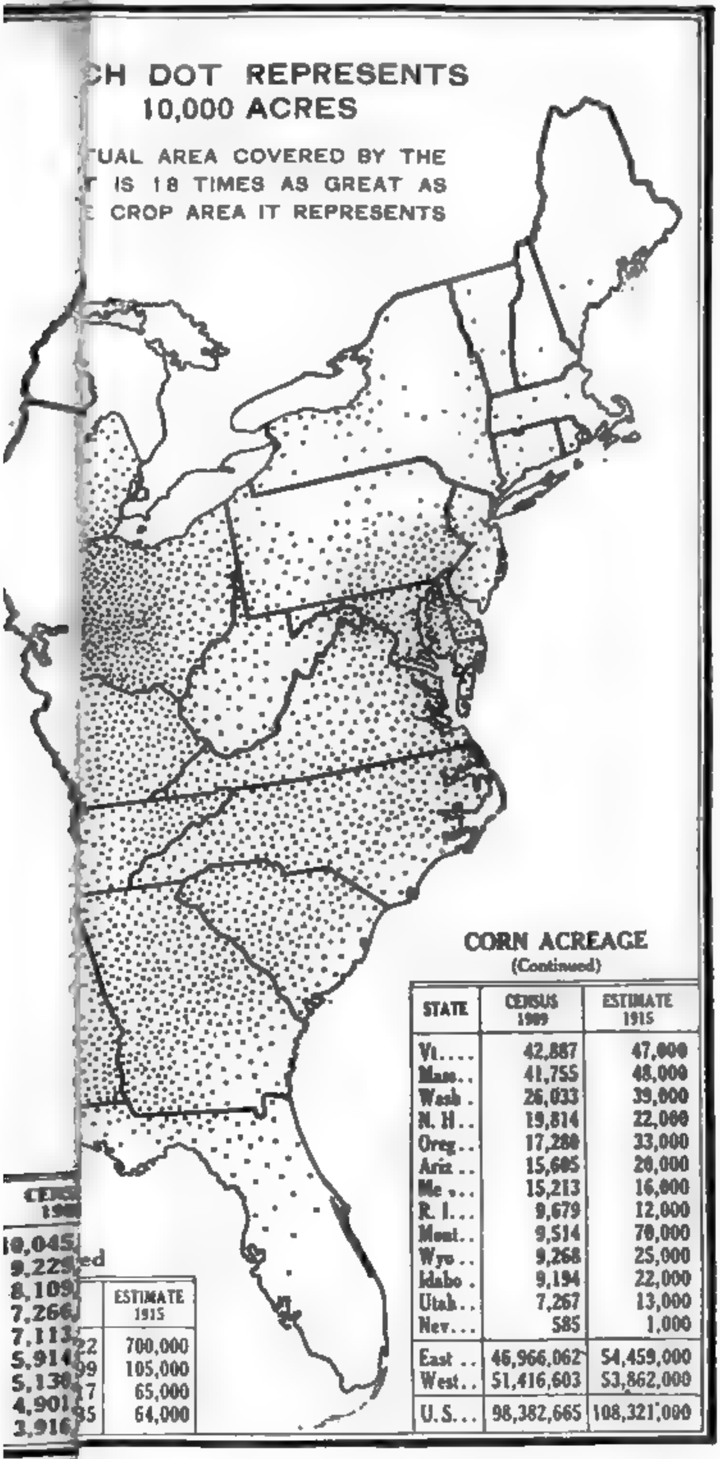
"In determining the mutton produced on an acre it was assumed that 0.65 acre of corn, grain (22.75 bushels) and stover, and 0.35 acre of clover (1,050 pounds of clover hay) are fed. A bushel of corn and the accompanying stover and clover hay fed in this proportion to yearling sheep makes, on the average, about 9 pounds of increase in live weight. An acre will thus produce $22.75 \times 9 = 205$ pounds. If the producer uses other feeds than those given in this example he will, of course, calculate their value in terms of corn, stover, clover, etc.

"For beef cattle it was assumed that the acre is devoted to feed crops as follows: Corn for grain and stover, 0.80 acre; corn for silage 0.12 acre; clover hay, 0.08 acre. It was further assumed that one-eighth of the corn thus produced (196 pounds) is exchanged for 146 pounds of cottonseed meal. The above feeding stuffs will feed a good steer 87.7 days a ration consisting of corn 15.64 pounds, cottonseed meal 1.66 pounds, silage 20.5 pounds, clover hay 2.74 pounds, and corn stover 7.29 pounds, allowing for a wastage of two-thirds of the stover as inedible. On such a ration a steer gains on the average about 2½ pounds a day. The entire acre thus produces a gain of 219 pounds live weight.

"For the production of dairy products the acre was subdivided as follows: Corn for grain and stover, 0.50 acre; corn for silage, 0.25 acre; clover hay, 0.25 acre. This gives 960 pounds of corn (grain), 1,200 pounds of stover, 750 pounds of clover hay, and 3,760 pounds of silage, which is sufficient to feed a cow giving 6,500 pounds of 4½ per cent milk for 119.2 days, during which time she should give 2,190 pounds of milk.

"Ten pounds of milk was assumed to make a pound of cheese. The amount of butter fat in 2,190 pounds of 4 per cent milk is 98.55 pounds. As in the case of beef cattle, there is considerable surplus of stover.

"In the case of poultry it was assumed that the ration is made up of corn 34 per cent, wheat 56 per cent, and miscellaneous feeds 10 per cent. One-tenth of the acre was reserved for raising the miscellaneous feeds or products that could be exchanged for them. The remainder of the acre was assumed to be devoted to corn and wheat in proportions suitable for the production of these grains in the proportions stated, or 0.24 acre of corn and 0.66 acre of wheat."



CENS 190
0,045
9,22
8,109
7,266
7,113
5,914
5,130
4,901
3,916

ed

	ESTIMATE 1915
22	700,000
99	105,000
7	65,000
5	64,000

CORN ACREAGE
(Continued)

STATE	CENSUS 1909	ESTIMATE 1915
Vt. . . .	42,887	47,000
Mass. .	41,755	48,000
Wash .	26,033	39,000
N. H. .	19,814	22,000
Oreg. .	17,280	33,000
Ariz . .	15,605	20,000
Me . . .	15,213	16,000
R. I. . .	9,679	12,000
Mont. .	9,514	70,000
Wyo . .	9,268	25,000
Idaho .	9,194	22,000
Utah . .	7,267	13,000
Nev. . .	585	1,000
East . .	46,966,062	54,459,000
West. .	51,416,603	53,862,000
U.S. . .	98,382,665	108,321,000

MAP

NUMBER OF SWINE

(STATES ARRANGED IN DECREASING ORDER FOR 19

STATE	CENSUS 1910 MATURE SWINE	ESTIMATE JAN. 1, 1915	STATE	CENSUS 1910 MATURE SWINE	ESTIMATE JAN. 1, 1915	STATE	CENSU[illegible] MATURE	
Iowa..	4,299,499	8,720,000	Ga...	1,141,385	2,042,000	Mich.	65.1	1000
Mo....	2,800,281	4,250,000	Ky ..	1,038,488	1,582,000	Pa...	62.7	1000
Ill.....	2,603,062	4,358,000	Tenn.	1,031,137	1,501,000	Fla ..	54.1	000
Nebr...	1,970,895	3,809,000	Wis..	894,929	2,255,000	Va ..	52.8	000
Ind ...	1,906,258	4,167,000	La...	838,321	1,412,000	Cal ..	48.0	000
Kans..	1,880,451	2,656,000	Minn.	833,970	1,716,000	S. C..	42.3	000
Tex...	1,641,148	2,880,000	Ala..	815,446	1,559,000	N.Y.	36.5	000
Ohio..	1,574,009	3,640,000	N. C.	802,279	1,525,000	W. Va.	21.3	000
Okla..	1,211,876	1,420,000	Miss.	779,868	1,540,000	N Dak.	19.7	000
Ark...	1,150,767	1,573,000	S. Dak.	658,181	1,195,000	Md ..	19.5	[illegible]

II.—A comparison of the food produced annually by an acre of land utilized in the production of various food crops and live-stock products.

Food products.	Yield per acre.		Calories per pound.	Pounds protein per acre (digestible).	Calories per acre.
	Bushels.	*Pounds.*			
...	35	1,960	1,594	147.0	3,124,240
otatoes...	[1] 110	5,940	480	53.5	2,851,200
tatoes...	100	6,000	318	66.0	1,908,000
...	20	1,200	1,506	118.8	1,807,200
...	20	1,200	1,490	110.4	1,788,000
npolished...	40	1,154	1,460	55.4	1,684,840
olished...	...	1,066	1,456	50.0	1,518,216
ns...	16	960	1,598	294.7	1,534,000
...	34	524	2,416	126.2	1,265,018
...	[2] 35	784	1,600	80.4	1,254,400
...	14	840	1,337	157.9	1,123,080
s...	10	600	1,421	116.4	852,600
eat...	[3] 24	600	1,252	34.5	751,800
ets:					
...	...	2,190	325	72.3	711,750
...	...	219	1,950	56.7	427,050
fat...	...	98.55	3,605	1.0	355,273
	Live, pounds.	*Dressed, pounds.*			
...	351	273	2,465	22.7	672,945
...	205	113	1,215	14.7	137,295
...	216	125	1,040	18.5	130,000
...	103	66	1,045	12.7	68,970
	Dozen.	*Pounds.*			
...	73.8	110.7	720	14.8	79,704
...	...	...	...	27.5	148,674
	Live, pounds.	*Dressed, pounds.*			
meat alone...	267	171	1,045	33.0	178,695
	Dozen.	*Pounds.*			
ne...	122.4	183.6	720	24.6	132,192

ls per bushel.
ernels.

section under "poultry" assumes that poultry are kept under ordinary poultry farm conditions, being raised and the old hens and young males being used for meat. What eggs are not needed purposes are used for food. The data for "poultry meat alone" assume the purchase of day-old h are grown to a 4 pound weight and utilized as food. The data for "eggs alone" assume the hens and their utilization for the production of eggs alone.

raphic distribution.—The two maps inserted at this point e distribution of corn acreage (Map 3)[1] in the United States and the distribution of swine (Map 4)[2] excluding spring pigs. ry obvious that the connection between the distribution of d of swine is close.

are, however, two important distinctions between the dis- n of corn and that of swine. In the first place, there is an the neighborhood of Chicago that has a very dense distribu- corn with a very thin one of swine. The reason for this is n raised within a radius of about 200 miles from Chicago can eted more profitably as grain to be used in the Chicago stock-

[1] Yearbook of the Department of Agriculture, 1915, p. 348.
[2] Yearbook of the Department of Agriculture, 1915, p. 308.

yards, in the corn-meal and cereal factories, and for the manufacture of glucose and starch, as well as for export.

The other somewhat significant difference between the two maps is that while corn production is relatively small west of the one-hundredth meridian, hogs are distributed, although thinly, throughout the West. In a general way it is apparent from the map that in the West hogs are found mostly in the irrigated regions and in the central valleys of California. Referring once more to the map of swine, it will be noted that hogs are found throughout the spring-wheat region, extending considerably farther north and west than the acreage of corn.

The following table shows the number of swine in the United States in each geographic division and west and east of the Mississippi River at each census period from 1880 to 1910, together with estimates for January 1, 1918. The percentage distribution of the swine at each of these dates is also shown.

TABLE IV.—*Number and percentage distribution of swine, by geographic divisions, 1880–1918.*

Geographic division.	Number of swine				
	Jan. 1, 1918.[1]	Apr. 15, 1910.[2]	June 1, 1900.[2]	June 1, 1890.[2]	June 1, 1880.[2]
United States	71,374,000	58,185,676	62,868,041	57,426,859	49,772,670
New England	469,000	396,642	362,1[illegible]	477,530	362,133
Middle Atlantic	2,307,000	1,700,521	1,960,007	2,345,759	2,158,941
East North Central	16,441,000	14,461,059	16,047,251	14,995,418	13,590,908
West North Central	26,027,000	21,281,509	24,427,038	22,629,184	[3] 14,527,709
South Atlantic	8,550,000	5,963,920	5,582,762	5,082,321	[3] 5,720,132
East South Central	7,380,000	5,438,603	6,651,348	6,544,683	6,790,000
West South Central	7,490,000	7,021,041	6,402,479	[3] 4,353,903	[3] 5,422,141
Mountain	1,133,000	640,011	399,080	[3] 175,429	[3] 705,01[illegible]
Pacific	1,566,000	1,196,263	1,061,277	[3] 892,512	[3] 1,095,668
East of the Mississippi	35,150,000	28,051,048	30,577,567	29,375,801	28,622,117
West of the Mississippi	36,224,000	30,134,628	32,290,474	[3] 28,051,058	[3] 21,150,553

Geographic division.	Percentage distribution				
	Jan. 1918.	Apr. 1910.	June 1900.	June 1890.	June 1880.
United States	100.0	100.0	100.0	100.0	100.0
New England	.7	.7	.6	.7	.7
Middle Atlantic	3.2	3.1	3.1	4.1	4.3
East North Central	23.0	24.9	25.5	26.1	27.3
West North Central	36.5	36.6	38.9	39.4	29.2
South Atlantic	12.0	10.2	8.8	8.9	11.5
East South Central	10.3	9.3	10.6	11.4	13.6
West South Central	10.5	12.1	10.2	7.6	10.9
Mountain	1.6	1.1	.6	.3	.2
Pacific	2.2	2.0	1.7	1.5	2.2
East of the Mississippi	49.2	48.2	48.6	51.2	57.5
West of the Mississippi	50.8	51.8	51.4	48.8	42.5

[1] Based on estimates supplied by the Bureau of Crop Estimates, Department of Agriculture.
[2] Census figures.
[3] Includes estimated number of swine on public ranges.

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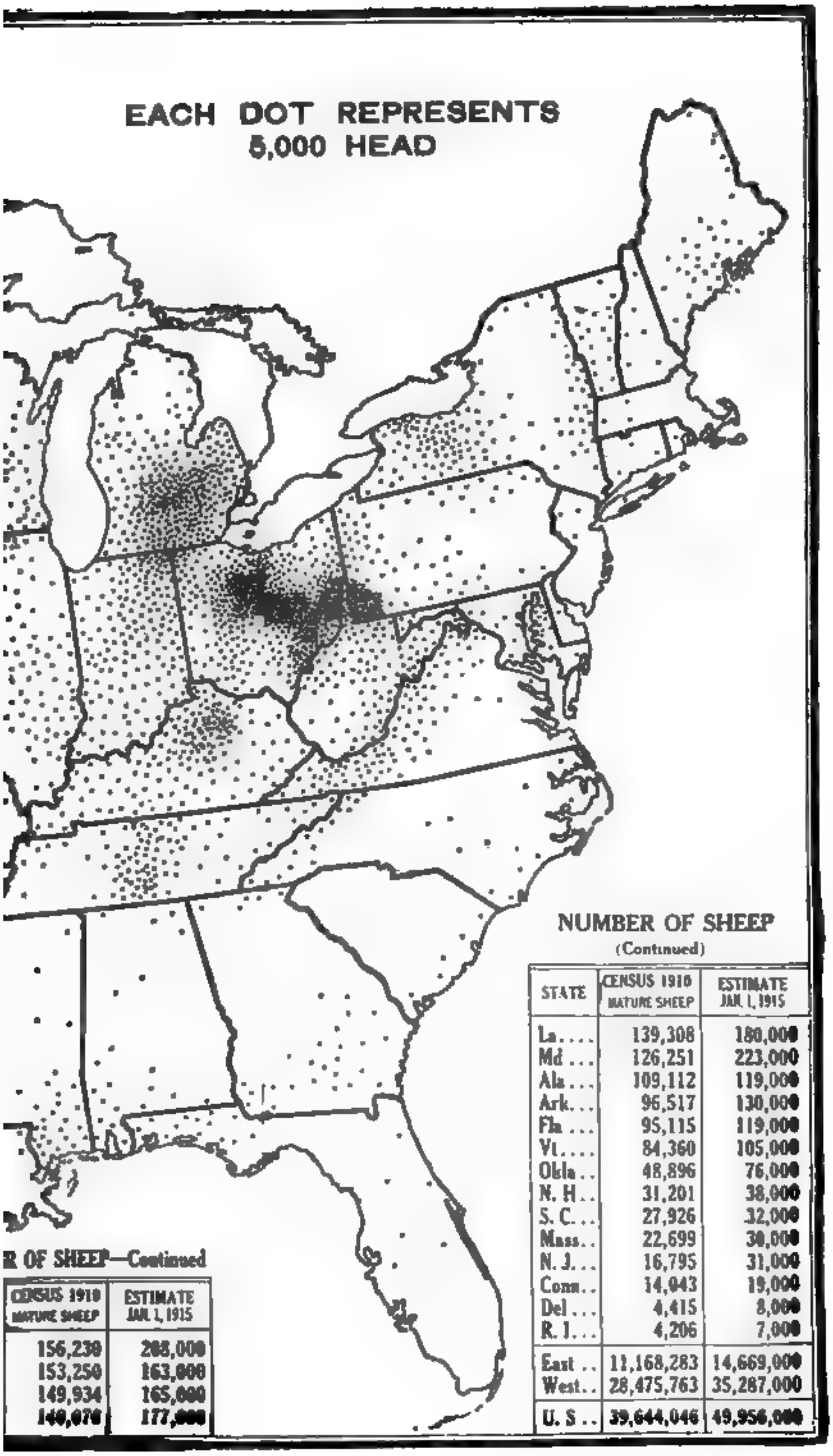

R OF SHEEP—Continued

CENSUS 1910 MATURE SHEEP	ESTIMATE JAN. 1, 1915
156,230	208,000
153,250	163,000
149,934	165,000
140,070	177,000

NUMBER OF SHEEP
(Continued)

STATE	CENSUS 1910 MATURE SHEEP	ESTIMATE JAN. 1, 1915
La. . . .	139,308	180,000
Md . . .	126,251	223,000
Ala . . .	109,112	119,000
Ark. . .	96,517	130,000
Fla . . .	95,115	119,000
Vt. . . .	84,360	105,000
Okla . .	48,896	76,000
N. H. .	31,201	38,000
S. C. . .	27,926	32,000
Mass. .	22,699	30,000
N. J. . .	16,795	31,000
Conn. .	14,043	19,000
Del . . .	4,415	8,000
R. I. . .	4,206	7,000
East . .	11,168,283	14,669,000
West. .	28,475,763	35,287,000
U. S . .	39,644,046	49,956,000

The number of swine in the United States, as shown in this table, is subject to qualifications due to the difference in the date at which the enumerations were made. The censuses of 1880, 1890, and 1900 were taken as of June 1, while the census of 1910 was taken as of April 15, and the estimate for 1918 refers to January 1. The last two columns, therefore, are not strictly comparable with the other three, because at the seasons designated therein the number of pigs is less than in June. The thirteenth census was taken at a time when about half of the spring pigs were born, and for that reason the number of swine as reported by that census is smaller than the corresponding number for the previous census. Though on January 1 none of the spring pigs were born, the number for 1918 shows a decided advance.

In general the number of swine in the United States has steadily increased in all of the geographic divisions. The geographic distribution, however, has undergone comparatively little change.

SHEEP—*Geographic distribution.*—A map showing the distribution of sheep in the United States in 1910 is here inserted (Map 5).[1] It will be noted that sheep are fairly evenly distributed throughout the western half of the United States with concentration points in southwestern Idaho, central Colorado, and throughout Wyoming. In the East they are rather thinly scattered, but there is a decided center in southeastern and central Ohio and in south central Michigan. There is a notably thin distribution of sheep in the tier of States along the one hundredth meridian from Texas to North Dakota and sheep are relatively scarce in the cotton belt.

In the West the production of sheep is managed in an entirely different way than in the East. In the West they are largely grazed on open range by large owners who specialize in the business. In the East a flock of sheep is frequently found on farms devoted to diversified agriculture. Sheep are often used to pasture the rougher and less accessible portions of farms. The notable concentration of sheep production in Ohio is an historical development.

The following table shows the number of sheep, excluding lambs, in the United States, in each geographic division, and east and west of the Mississippi River, at each census enumeration between 1880 and 1910, together with estimates for January 1, 1918. The percentage distribution of the sheep at each of these dates is also shown.

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[1] Yearbook of the Department of Agriculture, 1915, p. 399.

TABLE V.—*Number and percentage distribution of sheep (excluding lambs), by geographic divisions, 1880–1918.*

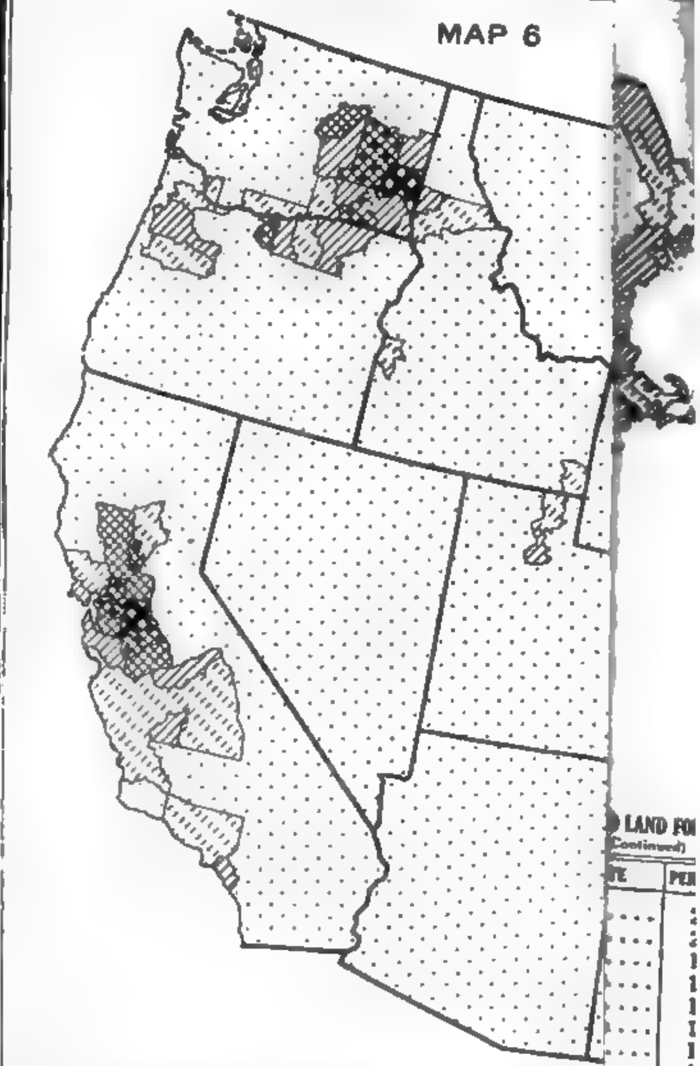
Geographic division.	Number of sheep (excluding lambs).				
	Jan. 1, 1918.[1]	Apr. 15, 1910.[2]	June 1, 1900.[2]	June 1, 1890.[2,3]	June 1, 1880.[2,3]
United States	35,164,000	39,644,046	39,852,967	40,876,312	42,192,074
New England	271,000	306,443	563,217	936,832	1,362,334
Middle Atlantic	1,371,000	1,260,455	1,970,362	3,196,495	3,606,798
East North Central	5,491,000	6,534,854	6,900,190	9,449,783	10,566,266
West North Central	3,431,000	3,524,749	3,155,531	2,882,371	3,096,624
South Atlantic	1,727,000	1,552,698	1,706,199	2,445,356	2,579,006
East South Central	1,738,000	1,513,833	1,489,720	2,316,279	2,308,290
West South Central	2,029,000	1,662,445	1,839,118	4,710,918	4,089,021
Mountain	14,986,000	19,509,675	17,984,275	9,519,998	7,097,442
Pacific	4,120,000	3,778,894	4,244,345	5,418,615	7,484,394
East of the Mississippi	10,590,000	11,168,283	12,629,698	18,344,475	20,424,59[illegible]
West of the Mississippi	24,566,000	28,475,763	27,223,269	22,531,837	21,767,48[illegible]

Geographic division.	Percentage distribution.				
	Jan., 1918.	Apr., 1910.	June, 1900.	June, 1890.	June, 1880.
United States	100.0	100.0	100.0	100.0	100.0
New England	.8	.8	1.4	2.3	3.2
Middle Atlantic	3.9	3.2	4.9	7.8	8.6
East North Central	15.6	16.5	17.3	23.1	25.0
West North Central	9.8	8.9	7.9	7.1	7.3
South Atlantic	4.9	3.9	4.3	6.0	6.1
East South Central	4.9	3.8	3.7	5.7	5.5
West South Central	5.8	4.2	4.6	11.5	9.7
Mountain	42.6	49.2	45.1	23.3	16.8
Pacific	11.7	9.5	10.7	13.2	17.7
East of the Mississippi	30.1	28.2	31.7	44.9	48.4
West of the Mississippi	69.9	71.8	68.3	55.1	51.6

[1] Based on estimates supplied by the Bureau of Crop Estimates, Department of Agriculture.
[2] Census figures.
[3] Includes estimated number of sheep on public ranges.

It will be noted that the number of sheep in the United States has been steadily declining. In 1880 it was 42.1 millions, in 1890, 40.8 millions, in 1900 39.8 millions, in 1910 39.6 millions, and in 1918 35.1 millions. This decline is noticeable in the western sections of the country.

The general trend of the distribution of sheep has been westward. The proportion of the total number west of the Mississippi River increased from 51.6 per cent in 1880 to 71.8 per cent in 1910. In 1918, however, the proportion was somewhat less, 69.9 per cent. This decline during the last eight years is due to a large decrease in the number of sheep in the mountain division, where in 1910 there were 19.5 million sheep, and in 1918 less than 15 million. This decrease was especially noticeable in the States of Montana and Wyoming, and was largely due to the encroachment of homesteads and general farming on land that had previously been public range. In addition to this the severe winter accompanied by heavy snow in 1917 caused considerable losses of sheep in those States.



PER CENT IMPROVED LAND FORMED (1910) OF TOTAL LAND AREA

STATE	PER CENT	STATE	PER CENT	STATE	PER CENT
Iowa	82.9	N. Y.	48.7	Wis.	33.7
Ill.	78.2	N. Dak.	45.5	Ga.	32.7
Ohio	73.7	Pa.	44.2	S. Dak.	32.2
Ind.	73.4	Tenn.	40.8	Conn.	32.0
Kans.	57.1	Okla.	39.5	S. C.	31.2
Del.	56.7	Va.	38.3	Miss.	30.4
Mo.	55.9	Minn.	38.0	Ala.	29.5
Ky.	55.8	N. J.	37.5	N. C.	28.3
Md.	52.5	W. Va.	35.9	Vt.	28.0
Nebr.	49.6	Mich.	34.9	R. I.	26.1

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INDUSTRY IN THE SOUTH.—In connection with the possi-
ve stock development in the South. Map 6[1] shows the
f the total land area of the United States that is im-
vill be noted that in most parts of the West the propor-
In the South the proportions are also low. In that sec-
untry there is a promise of a considerable future devel-
e live-stock industry.
ving table showing the utilization of the land area in
raphic divisions, is of interest.

VI.—Utilization of land, by geographic divisions, 1910.

Division.	Total land area.	Land not in farms.	
		Acres.	Per cent.
	1,903,289,600	1,024,488,909	53.8
	39,664,640	19,949,709	50.3
	64,000,000	20,806,944	32.5
	157,160,960	39,231,812	24.9
	326,914,560	94,266,439	28.8
	172,205,440	68,420,819	39.7
	114,883,760	33,305,132	29.0
	275,037,440	105,897,464	38.5
	549,840,000	490,306,580	89.2
	203,580,800	152,252,011	74.8

	Land in farms.						
	Total.	Land in crops.	Land in pasture.	All other farm land.	Per cent of farm land in— Crops.	Pasture.	All other.
	878,800,691	311,518,917	291,439,515	268,842,259	35.2	33.2	30.6
	19,714,931	[illegible]	7,292,871	7,455,180	25.2	37.0	37.8
	43,191,[illegible]	[illegible]	12,284,934	12,541,510	42.5	28.4	29.1
	117,929,148	[illegible]	34,406,190	22,441,957	51.8	29.2	19.0
	232,648,121	[illegible]	74,077,545	43,008,640	49.7	31.8	18.5
	103,784,621	31,363,798	15,338,065	57,084,758	30.2	14.8	55.0
	81,[illegible]20,629	26,341,915	15,417,242	39,761,442	32.3	18.9	48.8
	169,149,976	40,021,069	76,[illegible],765	52,[illegible]25,242	23.7	45.3	31.0
	59,[illegible]33,420	9,096,8[illegible]5	32,265,334	18,171,281	15.3	54.2	30.5
	51,328,789	11,719,791	23,756,749	15,852,240	22.8	46.4	30.8

noted that more than half of the land area of the United
ot in farms, the percentage not in farms being highest
estern divisions.
particularly to the three southern divisions, only 30.2,
7 per cent, respectively, of the farm land was in crops,
, 18.9, and 45.3 per cent in pasture. The percentage was
west south central division, but low in the other two
isions, the south Atlantic and the east south central. In
lantic division, 55 per cent of the farm land was neither
in pasture, and in the east south central 48.8 per cent.

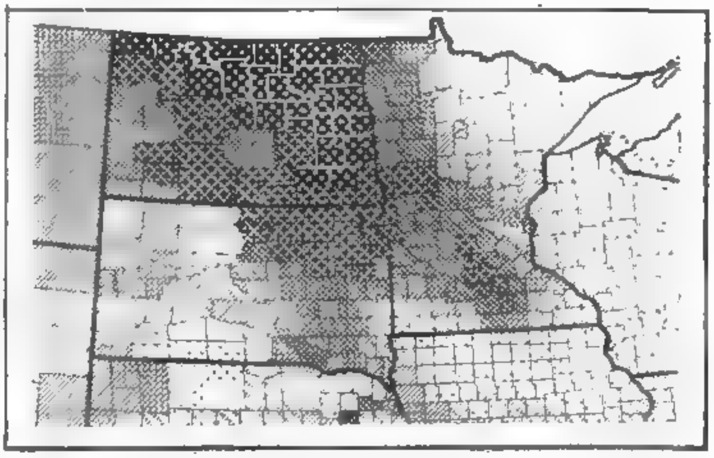
[1] Yearbook of the Department of Agriculture, 1915, p. 342.

MAP 7

WHEAT

ACREAGE RELATIVE
TO
ACREAGE OF ALL CROPS
1909

Spring Wheat Region



SCALE

Under 1 Per Cent
1 to 5 Per Cent
5 to 10 Per Cent
10 to 20 Per Cent
20 to 33⅓ Per Cent
33⅓ to 50 Per Cent
50 to 75 Per Cent
Over 75 Per Cent

Prospects for live stock in the spring wheat region.—There is also a tendency toward live stock production in the spring wheat region, which has been devoted largely to a one-crop system of agriculture. The map on page 402 (Map 7 [1]) shows the proportion of the land in crops that was devoted to wheat in 1909 in the spring wheat region. It will be noted that in some counties the proportion was as high as 75 per cent. In this respect this region has taken the place of States farther east, where, at one time, wheat was the predominant crop. As the country develops, as transportation facilities become more adequate, the all-wheat system of agriculture tends to give way to a diversified system. It seems probable that some type of live stock production will be taken up in the spring wheat region.

TABLES SUPPLEMENTARY TO EXHIBIT II.

MEAT PRODUCTION, CONSUMPTION, EXPORTS, IMPORTS, ETC., CALENDAR YEARS 1913 TO 1917.

[From published tables of the United States Department of Agriculture, Bureau of Animal Industry.]

Table VII.—Federally inspected slaughter of cattle, calves, sheep, goats, and swine.

Table VIII.—Exports and imports of meats and animal fats.

Table VII.—*Federally inspected slaughter of animals in the United States, calendar years 1913–1917.*

Animals.	1913	1914	1915	1916	1917
	Number.	*Number.*	*Number.*	*Number.*	*Number.*
Cattle	6,978,361	6,786,737	7,153,[illegible]	8,310,459	10,350,052
Calves	1,902,414	1,696,962	1,819,702	2,367,303	3,142,721
Sheep and lambs	14,405,759	14,229,343	12,211,765	11,941,366	9,344,994
Goats	75,655	175,[illegible]	152,[illegible]	198,909	185,660
Swine	34,198,585	32,531,840	38,381,228	43,873,703	33,909,704
All animals	57,560,774	55,300,788	59,718,[illegible]	66,091,739	56,913,131

Table VIII.—*Exports and imports of meats and animal fats, calendar years 1913–1917.*

EXPORTS (DOMESTIC)

Item	1913	1914	1915	1916	1917
Meats	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*
Beef, canned	4,163,006	30,734,748	60,990,528	54,096,922	65,583,635
Beef, fresh	6,850,123	31,423,463	262,81[illegible],307	180,979,031	216,418,975
Beef, pickled, etc.	25,180,530	23,779,440	42,716,813	36,681,148	68,110,990
Pork, canned	3,651,101	2,786,415	7,928,944	7,263,012	5,349,[illegible]
Pork, fresh	3,182,678	1,250,977	21,230,183	55,172,968	40,377,180
Pork, pickled, etc	53,984,973	37,006,108	58,047,697	55,148,034	37,378,051
Bacon	212,795,618	184,267,850	524,156,245	592,017,529	674,228,053
Hams and shoulders	171,671,407	142,398,301	206,442,319	237,161,195	243,[illegible]
Mutton	4,790,461	3,347,013	4,230,628	6,257,893	2,857,175
Sausage	[illegible],529,210	5,029,496	13,345,180	11,998,350	18,052,304
All other, canned [2]	[illegible]235,050	12,730,290	34,329,820	16,216,640	35,898,073
Total meat	507,031,245	475,310,070	1,300,254,063	1,303,522,682	1,321,631,457

[1] Adapted by permission from an unpublished map prepared in the Office of Farm Management, Department of Agriculture.

[2] Estimated.

TABLE VIII.—*Exports and imports of meats and animal fats, etc.*—Continued.

EXPORTS (DOMESTIC)—Continued.

Item.	1913	1914	1915	1916	1917
Animal fats:	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*	*Pounds.*
Lard	536,179,645	438,015,898	451,286,439	426,659,599	373,349,338
Neutral lard	39,312,411	21,797,521	35,389,918	27,314,774	9,335,401
Lard oil[1]	875,737	766,718	2,635,455	2,678,070	1,910,732
Oleo oil	100,747,458	85,144,527	109,185,783	83,891,672	33,402,858
Tallow	23,234,622	9,980,066	26,568,075	15,338,057	7,505,800
Stearin	3,523,806	3,239,469	16,676,794	13,216,599	8,375,361
Total fats	703,883,679	558,944,199	641,742,464	569,098,771	433,939,531

IMPORTS (LESS REEXPORTS).

Item.	1913	1914	1915	1916	1917
Beef and veal, fresh	35,821,665	254,200,960	108,808,848	18,678,200	21,140,054
Mutton and lamb, fresh	553,725	19,875,942	11,879,253	15,675,529	5,623,908
Pork, fresh	258,839	18,952,005	3,334,898	922,774	2,580,340
Bacon and hams	255,372	7,882,659	1,996,693	213,524	240,380
Meat, preserved, etc[1]	3,462,900	22,074,620	2,923,060	2,062,800	14,850,887
Sausage	742,105	488,040	93,353	2,787	10,744
Total meat	41,094,606	323,474,246	129,036,205	37,555,624	44,446,318
Oleo stearin	7,052,141	4,029,657	1,714,451	647,443	5,555,448
Tallow and stock[2]	....	....	....	....	5,059,208

[1] Estimated. [2] From Bureau of Animal Industry Records.

EXHIBIT III.

CHANGES IN THE CHARACTER OF FOOD CONSUMPTION IN SWEDEN.

[Reprinted from the Monthly Review of the United States Bureau of Labor Statistics, Vol. VI, May, 1918, No. 5, pp. 109–112.]

It is generally known that as prices of certain articles of consumption increase purchasers whose incomes do not increase in like proportion will begin buying articles of a cheaper grade of the same kind, or will substitute others of a different kind lower in price. Thus oleomargarine may be substituted for butter, beans for meat, and mixed breads for wheat bread, to mention only a few. While these facts are generally known, the matter has never been definitely disclosed in any formal investigation because of the difficulties of securing data from the same families at different periods of time—a period of low prices, and a period of high prices.

Such an investigation, however, has now been made by the Swedish labor office[1] at a time when changes of the kind mentioned have been very rapid. In 1913–14 an extended inquiry was made by that office into the cost of living of families of moderate or low earnings. In 1916 a similar inquiry was directed by the Crown. Household account books were distributed in the cities taking part in the former

[1] Livsmedelsförbrukningen inom mindre bemedlade hushåll åren 1914 och 1916 av. K. Socialstyrelsen. Stockholm, 1917. 77 pp.

inquiry and were kept by the same families that participated in the earlier investigation. The data secured covered the month of May, 1914, and May, 1916, so as to reflect conditions before and during the war. Twenty-five cities participated in the inquiry. The study included 601 family budgets kept for one month.

The average income per family per week was 35.92 crowns ($9.63) in 1914, and 39.22 crowns ($10.51) in 1916. The average weekly income, however, per unit of consumption—adult 15 or more years of age—had increased only slightly, i. e., from 10.67 crowns ($2.86) to 10.84 ($2.91) because of a corresponding increase in the number in each family and in the average age of the members during the period between the two inquiries. While there was a slight change in average weekly income only about half as many families in 1916 as in 1914 were in the lowest income group—i. e., under 30 crowns ($8.04) a week.

The results of the inquiry show that between May, 1914, and May, 1916, the tendency was to substitute cheaper for dearer articles of food and cereals and vegetables for animal foods. There was a decreased consumption of meat, milk, butter, cheese, and eggs and an increased consumption of fish, oleomargarine, bread, flour, cereals, peas, potatoes, and sugar. For example, rye bread took the place of wheat bread and oleomargarine the place of butter.

In 1914 the average consumption of meat per household was 1,464 grams (3.23 pounds) per week, and in 1916 it was 1,402 grams (3.09 pounds), a decrease of 4.2 per cent per family, but of 11 per cent per unit of consumption. A decreased use of salt or smoked pork per family is shown, i. e., 270 grams (9.5 ounces) per week in 1914 to 211 grams (7.4 ounces) in 1916. Consumption of veal decreased from 249 grams (8.8 ounces) to 194 grams (6.8 ounces) per week.

In 1914 the average quantity of salt herring and codfish used per family was 237 grams (8.37 ounces); in 1916, 298 grams (10.52 ounces), the increase being entirely in the use of salt herring. The increase was equal to 17.1 per cent per unit of consumption.

The consumption of milk decreased 10.3 per cent per unit of consumption, due almost entirely to a decrease in the quantity of whole milk used. The consumption of butter decreased from 634 grams (22.38 ounces) to 483 grams (17.05 ounces), or 23.8 per cent, while the use of oleomargarine increased from 431 grams (15.21 ounces) to 616 grams (21.74 ounces) per week, or 42.9 per cent. Per unit of consumption butter fell off 29.3 per cent and oleomargarine increased 32.8 per cent. The quantity of cheese used per family decreased 26.7 per cent. There was a smaller number of eggs used per family in 1916 than in 1914.

In grains, flour, and bread a considerable increase of consumption is shown. The weekly supply of flour changed from 3,830 grams

(8.5 pounds) to 4,982 grams (11 pounds), an increase of 30.1 per cent. The consumption of bread increased 11.5 per cent—4,471 to 4,984 grams (9.86 to 11 pounds). Of the different classes of bread rye flour shows a greater increase in its use than any other, i. e., 15.2 per cent. The consumption of white bread decreased 14.3 per cent, from 441 to 378 grams (15.6 to 13.3 ounces). The use of oats, rice, and other grits and groats increased 19.4 per cent; that of rice alone increased 31.1 per cent.

Calculated per unit of consumption the increase was 21.2 per cent for flour, 3.8 per cent for bread, and 11.5 per cent for groats and grits.

The increase in the use of potatoes is shown to have been 51.8 per cent per family and 41.3 per cent per unit of consumption. The use of sugar increased 11.4 per cent per family and 3.7 per unit of consumption. Coffee shows a slight increase per family, 9.3 per cent, and 1 per cent per unit of consumption.

Of the total expenses for foods and drinks, proportionately more was spent for food in 1916 (95.16 per cent) than in 1914 (93.92 per cent). Expenses for spirituous liquors formed 2.97 in 1914 and 2.11 per cent in 1916. Meals taken away from home amounted to 2.4 per cent of total spent for food in 1914 and 1.56 per cent in 1916.

The cost of foods served at the home was 15.01 crowns ($4.03) per week in 1914 and 19.73 ($5.29) in 1916, being an increase of 31.4 per cent, while the decrease in the cost of spirituous liquors was 8.3 per cent and in meals away from home 13.2 per cent. The expenditure for tobacco remained practically stationary.

The average expenditures for meat increased during the period from 1.98 crowns (53.1 cents) to 2.70 crowns (72.4 cents) weekly, an increase of 36.4 per cent. The cost for this item was 12.32 per cent of the entire weekly budget in 1914, and 13.04 per cent in 1916. The expenditure for sausage and prepared meats increased by 29.8 per cent, and was 3.51 and 3.57 per cent of the total food budgets of the respective years.

Dairy products, eggs, etc., formed 35.10 per cent and 34.68 per cent of the food budgets in 1914 and 1916, respectively. This decrease was due to a diminished use of high-priced articles—butter, cream, whole milk, cheese, and eggs. The per cent of expenditures increased for skimmed milk (2.17 to 2.32), oleomargarine (3.71 to 5.62), and lard (0.51 to 0.74).

The expenditure for bread changed slightly from 12.34 per cent to 12.29 per cent of the food budget. The expenditure for rye bread, dry and fresh, increased, and for all other classes of bread an approximately equal decrease is noted. Flour formed 6.91 per cent of the budget in 1914 and 8.58 per cent in 1916. The expenditures for this class of foods increased from 1.11 crowns (29.7 cents) per family

per week to 1.78 crowns (47.7 cents) or 60.4 per cent. Wheat flour formed about 70 per cent in value of all flour and meal purchased. Oats, rice, and other grits cost 52.4 per cent more per family in 1916 than in 1914.

But little difference is noted in the percentage of expenditures for beans, peas, and other vegetables as compared with the whole food budget. The cost of potatoes, however, increased 69 per cent.

Sugar and molasses and coffee showed a decreased proportion of expense in the budget for the latter year, but an absolute increase, the percentage of increase being 20.6 for sugar and molasses and 14.9 for coffee.

The Swedish labor office continued its investigation into the changes in the dietary of the workingman's family and in the cost of living, and has presented the results in a recent number of its official journal.[1] During the period May, 1916, to June–July, 1917, changes in food consumption were somewhat different from what they were between 1914 and 1916. Scarcity of certain foods and a system of governmental rationing compelled a limitation in the consumption of the cheaper cereals and vegetables. The consumption of bread, flour, cereals, peas, potatoes, oleomargarine, and sugar decreased, while the consumption of meat, fish, and butter increased considerably, although these were not the cheaper commodities, the principal increase in consumption being of meat and fish. The details as to amounts consumed are set forth in the following table:

TABLE IX.—*Average quantity of various articles of food consumed per week per family member May, 1914, May, 1916, and June–July, 1917.*

[Sociala Meddelanden, Stockholm, 1917, No. 10, pp. 1190, 1191.]

Item.	Unit of quantity.	Average weekly consumption per family member.		
		May, 1914.	May, 1916.	June–July, 1917.
Number of members in all families		2,412	2,951	2,832
Average number of persons per family		4.55	4.66	4.60
ARTICLES OF CONSUMPTION.				
Meats (all kinds)	Ounce	11.5	11.1	13.5
Fresh meats	do	9.1	9.1	10.1
Beef	do	4.1	4.4	5.8
Veal	do	1.9	1.5	2.0
Mutton	do	.1	1.2	.1
Pork	do	3.0	3.1	2.2
Salt meats	do	2.4	2.0	3.5
Beef	do	.1	.2	.2
Pork	do	2.2	1.8	3.3
Fish:				
Salt herring	do	1.8	2.2	3.1
Cod	do	.2	.2	.4
Milk	Quart	4.0	3.8	4.1
Whole	do	2.8	2.7	3.2
Skimmed	do	1.2	1.1	.9
Butter	Ounce	4.9	3.4	8.0
Oleomargarine	do	3.4	4.7	
Cheese	do	2.3	1.7	1.7
Eggs	Number	3.0	3.0	2.0

[1] Sociala Meddelanden utgivna av K. Socialstyrelsen. Stockholm, 1917. No. 10, pp. 1176–1191.

TABLE IX.—*Average quality of various articles of food consumed per week per family member May, 1914, May, 1916, and June–July, 1917.*—Continued.

Item.	Unit of quantity.	Average weekly consumption per family member.		
		May, 1914.	May, 1916.	June–July, 1917
ARTICLES OF CONSUMPTION—continued.				
Bread:				
Rye, hard	Ounce	5.6	6.8	7.4
Rye, soft	...do	23.1	23.3	18.1
Wheat	...do	4.2	3.5	2.3
Biscuit	...do	2.3	2.2	1.0
Flours	...do	28.2	35.4	26.5
Wheat	...do	19.9	25.0	13.0
Rye	...do	6.9	9.1	12.1
Potato	...do	.7	.8	.2
Oat meal	...do	.3	.2	.1
Other	...do	.4	.3	1.0
Groats and grits	...do	4.1	4.9	2.5
Oats	...do	2.8	3.4	.7
Rice	...do	.8	1.0	1.0
Corn	...do	.1	.1	.2
Other	...do	.3	.4	.6
Peas	...do	.7	1.0	.5
Beans	...do	.5	.4	.2
Potatoes	Quart	1.2	1.7	1.1
Sugar	Ounce	12.6	13.8	11.3
Coffee	...do	2.5	2.8	1.3

EXHIBIT IV.

QUESTIONS ASKED BY THE FEDERAL TRADE COMMISSION, JULY 23, 1917, OF THE FIVE LARGE PACKING COMPANIES AND THE REPLIES THERETO.

Commissioner Joseph E. Davies, at the outset of this investigation, requested each of the five leading packing companies to submit its views on the packing industry with special reference to certain questions. This request was embodied in an identical letter, dated July 23, 1917, addressed to Armour & Co., Swift & Co., Morris & Co., the Cudahy Packing Co., and Wilson & Co., Inc.

Four questions broad in their scope, on the problems of the meat industry, were set forth in the letter, but the companies addressed were urged not to confine their discussion to these specific questions, but to cover the whole field in a frank discussion, pointing out defects, if any, existing in the present system, and suggesting remedies.

Replies to this letter were received from Swift & Co., The Cudahy Packing Co., Morris & Co., and Wilson & Co., Inc.

LETTER OF COMMISSIONER JOSEPH E. DAVIES, JULY 23, 1917.

DEAR SIR: You will recall that at a conference with you and certain other representatives of large meat-packing concerns at the University Club in Chicago on July 17, 1917, I requested that some official of each corporation there represented submit to the Federal

Trade Commission a brief, setting forth his views upon the meat situation in this country. It was suggested by some one of the packers represented that the particular phases of the matter upon which your views are desired be indicated in a letter to you from me. In accord with that suggestion, this communication is addressed to you and an identical one is being mailed to the president of each company represented at the Chicago conference.

> (1) As you are aware, there is widespread complaint among consumers as to the prices of all meats and other animal food products. The Commission would like your views as to the cause of present high prices, to what extent they are justified, and if in your judgment there is not complete justification for them, what factor or factors in the production and distribution of meat animals and their products can be justly criticized.
>
> (2) The meat packer stands between the producers of meat animals on the one hand, and the retail distributor of their products on the other. In what respect, if any, does either of these three agencies, in your opinion, fail to perform its proper function in serving the ultimate consumer.
>
> (3) In your opinion, is the present vast system of conducting the meat business, from the raising of the animals on the range and farm through all the steps to the table of the consumer, the result of the operation of healthy, natural laws or is it in part the result of efforts, either conscious or unconscious, to interfere with the operation of such laws.
>
> (4) What, if any, are the economic weaknesses of the existing system, and what remedies do you suggest for any existing evils.

There has been so much discussion in the public press and elsewhere in regard to the whole meat situation that you are doubtless aware of all the questions raised in the public mind with respect to this matter which is of such vital importance to the happiness and well-being of our people. It is expected, therefore, that you will not limit your brief to the foregoing specific questions but that you will discuss any question relative to the subject that to you seems important or pertinent. It is hoped that you will speak with the greatest candor and that you will as fully point out the shortcomings and weaknesses in your branch of this great business as you will the shortcomings and weaknesses of the other branches. It is the desire of the Commission, and it should be the desire of all, that some permanent constructive good may come from this investigation, and the Commis-

sion and the President, under whose direction it is being made, will be disappointed if any interest concerned fails to contribute its utmost to this end.

You may feel at liberty to make your brief both as comprehensive and as full of details as you desire. While there is no disposition to hurry you, the early filing of your brief with the Commission will be appreciated.

Very respectfully,

[Signed] JOSEPH E. DAVIES,
Commissioner.

P. S.—A copy of the President's letter of February 7, 1917, directing the Commission to investigate all matters in connection with the supply, production and distribution of food products, is inclosed herewith.

REPLY OF SWIFT & CO. TO QUESTIONS SUBMITTED JULY 23, 1917, BY THE FEDERAL TRADE COMMISSION.

[L. F. Swift, president.]

SWIFT AND COMPANY,
UNION STOCK YARDS,
Chicago, August 25, 1917.

Honorable JOSEPH E. DAVIES,
Federal Trade Commission,
Washington, D. C.

DEAR SIR: In reply to your letter of July 23rd, in which you ask us questions about the live stock and meat situation, we have prepared the attached statement.

We have dealt with the subject at some length in our desire to cover it fully and trust that the Commission will find the information of value.

Yours respectfully,

[Signed] SWIFT & COMPANY,
L. F. SWIFT,
EM *President.*

QUESTION 1.

"As you are aware, there is widespread complaint among consumers as to the prices of all meats and other animal food products. The commission would like your views as to the cause of present high prices, to what extent they are justified, and if in your judgment there is not complete justification for them, what factor or factors in the production and distribution of meat animals and their products can be justly criticized?"

Our reply to this question is as follows:

PRICES OF ALL COMMODITIES HAVE RISEN.

The recent increase in meat prices has been part of an upward movement of prices in general. As compared with other commodi-

ties, it does not appear that meat prices have risen abnormally; nor, in fact, as much as many other important food products. Preliminary figures obtained from the United States Bureau of Labor Statistics show the following percentage increases in wholesale prices for June, 1917, over the prices for July, 1916, for meats and various other products:

Increases in wholesale prices, June, 1917, over July, 1916.

	Per cent increase.
Cattle—good to choice steers	25.6
Beef—fresh, native steers	15.0
Hogs, heavy	59.8
Bacon, short clear sides	54.1
Lard—prime, contract	61.8
Wheat—No. 1 Northern	130.3
Flour—standard patent	127.8
Corn—No. 2 mixed	112.4
Potatoes, white	241.8
Cotton, upland middling	96.2
Wool—fine, fleece, scoured	77.1
Coal, bituminous	172.7
Copper, electrolytic	22.6
Pig lead	66.6
Pig tin	61.9
Pig iron, bessemer	149.2
Petroleum, crude	19.2

The same thing is true with regard to retail prices, as shown by the following figures, also from the United States Bureau of Labor Statistics,[1] which indicate the percentage increases in prices for May 15, 1917, as compared with the average prices for the whole year 1916:

Increases in retail prices, May 15, 1917, over average for 1916.

	Per cent increase.		Per cent increase.
Sirloin steak	18	Butter	18
Round steak	21	Cheese	31
Rib roast	21	Bread	30
Chuck roast	27	Flour	98
Pork chops	35	Corn meal	58
Bacon	45	Potatoes	127
Ham	32	Onions	76
Lamb	59	Beans, navy	74
Hens	24	Sugar	25
Eggs, strictly fresh	6		

The average increase in retail prices for May 15, 1917, over the year 1916 for all foodstuffs reported by the Bureau of Labor Statistics was 33 per cent; the average increase for fresh beef cuts, pork chops, bacon, and ham was only 28.6 per cent.

These figures prove that the prices of dressed meats, especially beef, have not risen as much as the prices of other foods, and that the prices of such staple products as cotton, wool, coal, and pig iron have risen much more than foods in general. The preceding statement of

[1] Monthly Review of the United States Bureau of Labor Statistics, July, 1917, p. 131.

wholesale prices also shows that the prices of dressed meats have not increased as much as the prices of live animals—a point which will be discussed below. It would appear reasonable to ask not only why have meat prices risen as much as they have, but why have they not risen as much as the prices of other commodities? This question we shall attempt to answer.

REASONS FOR HIGH PRICES.

The fundamental reasons for the recent abnormal increase in the general price level are to be found, first, in an enlarged money supply; second, in an unprecedented demand due to foreign buying and domestic war-time prosperity; and, third, in an actual shortage of many important commodities.

The first two of these reasons—the large money supply and the unprecedented demand—account for the increase in meat prices, but an unusually large supply in the case of meat has operated to keep prices from going so high as they otherwise would, or so high as the prices of other agricultural products have gone.

THE UNUSUAL DEMAND FOR MEAT PRODUCTS.

The unprecedented demand for meat products has been due, as stated above, to prosperity at home and to foreign buying. As for the excessive domestic demand this is caused by general industrial prosperity, high wages, and steady employment. The purchasing power of the American public was never so great as it is now. Many people who ordinarily use meat sparingly have been earning so much more money in industries boomed by the war that they are buying meat more plentifully now than ever before in spite of the higher prices, thereby more than offsetting the reduced consumption among salaried people who have not benefited from war conditions. Furthermore, the facts that more people are at work than ever before and that there have been no periods of unemployment during the past two years have also contributed to the tremendous demand. In our opinion, the unprecedented demand is the principal reason for the increase in meat prices.

This domestic demand has been accompanied by a large foreign demand. The exports of meat in 1916 showed a great increase over the figures for the year preceding the European war. For example, exports of beef and beef products increased from 148,000,000 pounds in 1914 (year ending June 30) to 444,000,000 pounds in 1916; fresh pork increased from less than 3,000,000 pounds to 63,000,000 pounds; and cured pork products from 405,000,000 pounds to 925,000,000 pounds.

Except in the case of pork products, the exports for 1917 do not show any very large increases over 1916. The following figures represent quantities exported during the 10 months ending April 30, 1916, and 1917:

Exports for 10 months ending April 30.

	1916	1917
	Pounds.	*Pounds.*
Fresh beef	176,700,000	152,300,000
Canned beef	34,600,000	47,300,000
Pickled and other cured beef	33,600,000	49,300,000
Bacon	483,400,000	555,900,000
Hams and shoulders	232,700,000	222,000,000
Lard	332,400,000	389,900,000
Total	1,293,400,000	1,416,700,000

For the aggregate beef and pork products enumerated in this table the exports for the 10 months ending April 30, 1917, were about 10 per cent greater than for the corresponding period in 1915–16. This is enough of an increase to account partly for the advance in domestic prices.

The great foreign demand for *cured* pork partly accounts for the fact that prices of pork products have increased more than the prices of beef. One reason for the great foreign demand for our meats has been the shortage of ocean carriers, which has forced England and France to buy in the United States what they would otherwise have bought in more distant countries.

THE MEAT SUPPLY.

The reason that meat and live-stock prices have not advanced as much as the prices of other commodities is that the supply of meat animals has appreciably increased. The quantity of live stock marketed and slaughtered in 1916 was the largest in the history of the country; and the significant thing is, to quote from the Annual Report of the Secretary of Agriculture for 1916, "this heavier slaughtering has been accompanied by an increase in the remaining stock of animals."

It is, of course, only natural that as the western ranges have been broken up, as the cost of live-stock raising has increased, and as the area available for live-stock production has not increased in proportion to the growth of population, the production of live stock per capita should have shown a tendency to fall off during the past 20 or 30 years. The estimates of the United States Department of Agriculture and the census figures, on which have been based so many statements to prove that per capita production of live stock has fallen off seriously, are of at least questionable accuracy. The changing of the census date from June 1st to April 15th in 1910 further complicated the situation, and rendered comparisons for years before and after that date of doubtful validity, because the new date of April 15th, to which recent figures apply, excludes a large proportion of the calf, lamb, and pig crops that was previously included.

Data concerning live-stock and meat production are estimates at best, but we believe that the figures of meat production shown in the accompanying table come as near the facts as it is possible to get. In constructing this table, we have used the exact number of animals slaughtered in the United States inspected houses, and have ex-

panded these into total number of pounds of meat produced b
the same method as that used in Report 109 of the United
Department of Agriculture, "The Meat Situation in the
States, Part 1," page 263. The percentages and weights used
structing it are shown in an explanatory note at the end of th

The production of meat, 1909–1917.

	Number of head.	Dressed weight of carcass	Other edible portions	T
1909		*Pounds*	*Pounds*	*P*
Cattle	13,650,245	7,412,063,035	1,337,724,010	
Calves	6,524,796	665,102,530	63,290,424	
Sheep	14,730,552	604,198,632	29,478,104	
Hogs	53,287,705	8,206,306,570	1,332,192,625	
		16,907,090,767	2,762,680,163	19,
1910:				
Cattle	13,815,000	7,501,545,000	1,353,870,000	
Calves	6,875,000	700,875,000	64,747,500	
Sheep	16,122,000	661,002,000	32,244,000	
Hogs	44,158,000	6,800,332,000	1,103,950,000	
		15,663,754,000	2,554,811,500	18,
1911:				
Cattle	13,496,000	7,328,328,000	1,322,608,000	
Calves	6,511,000	683,655,000	63,156,700	
Sheep	18,216,000	740,856,000	36,432,000	
Hogs	57,905,000	8,917,370,000	1,447,625,000	
		17,670,209,000	2,869,821,700	20,
1912:				
Cattle	12,821,000	6,961,803,000	1,256,459,000	
Calves	6,790,000	712,950,000	65,863,000	
Sheep	19,461,000	797,901,000	38,922,000	
Hogs	56,044,000	8,630,776,000	1,401,100,000	
		17,103,430,000	2,762,343,000	19,
1913:				
Cattle	12,338,000	6,699,534,000	1,209,124,000	
Calves	5,667,000	595,035,000	54,969,900	
Sheep	18,715,000	767,315,000	37,430,000	
Hogs	59,652,000	9,186,408,000	1,491,300,000	
		17,248,292,000	2,792,823,900	20,
1914:				
Cattle	11,944,000	6,485,592,000	1,170,512,000	
Calves	5,060,000	531,300,000	49,082,000	
Sheep	18,496,000	767,926,000	36,972,000	
Hogs	55,298,000	8,515,892,000	1,382,4[illegible]0,000	
		16,290,710,000	2,639,016,000	18,
1915:				
Cattle	12,645,000	6,866,235,000	1,239,210,000	
Calves	5,424,000	569,520,000	52,612,800	
Sheep	15,865,000	650,465,000	31,730,000	
Hogs	65,071,000	10,020,934,000	1,626,775,000	
		18,107,154,000	2,950,327,800	21,
1916:				
Cattle	14,687,000	7,975,041,000	1,439,3[illegible],000	
Calves	7,058,000	741,090,000	68,462,600	
Sheep	15,500,000	635,500,000	31,000,000	
Hogs	75,070,000	11,560,780,000	1,876,750,000	
		20,912,411,000	3,415,588,600	24,

EXPLANATORY NOTE.—The basis of this table is the number of head slaughtered in inspec
From this is estimated the total number slaughtered by applying the percentage of total sla
inspected houses in 1909, as shown below. The number of pounds is found by multiplying the
head by average dressed weights of carcasses, also shown below. "Other edible portions" in
things as hearts, livers, edible fats, etc., the number of pounds of which per head is also shown i
statement:

	Per cent of total in inspected houses.	Average weight dressed.	Other edible portions per animal.
		Pounds.	*Pounds.*
Cattle	56.39	513	98
Calves	35.46	105	9.7
Sheep	76.95	41	2
Hogs	58.86	154	25

Using the figures of total meat production in this table and the census figures of population, the per capita production of meats for each year from 1909 to 1916 was as follows:

	Pounds.		Pounds.
1909	217.2	1913	206.5
1910	197.7	1914	191.9
1911	219.1	1915	210.0
1912	208.2	1916	238.7

It will be seen from these figures that the per capita production of meats has not only held it own since 1909, but that in 1916 it was much larger than in any year shown. And the most significant fact of all is that although the per capita production of meats was so large in 1916, the actual number of live animals on farms on January 1, 1917, also showed an appreciable increase.

These facts concerning meat production not only prove our statement that increased production accounts for the fact that prices of meats have not advanced as much as prices of commodities in general, but they appear to disprove the general belief that there is a serious shortage of live stock, and the charge that production has been discouraged by low prices.

The fact that the prices of dressed meats have not advanced as rapidly as the prices of live animals deserves further emphasis. The following actual figures, taken from the records of Swift & Company for corresponding weeks of 1916 and 1917, show the facts for beef and live cattle. The selection of any other weeks during the last few months would yield similar results.

	Week ending July 1.			Week ending July 8.		
	1916	1917	Per cent increase.	1916	1917	Per cent increase.
Live cattle	$8.24	$10.00	21.3	$8.08	$10.00	23.7
Dressed beef	12.90	14.72	14.1	12.87	14.80	15.0

From this table it will be seen that whereas the prices paid for live cattle increased 21.3 and 23.7 per cent, respectively, for the two weeks under review, the prices received for dressed beef increased only 14.1 and 15 per cent, respectively. In other words, the prices received for live stock by growers have increased faster than the prices we have received for meats. The fact that Swift & Company's gross margin on beef to cover expenses and profits has been a smaller percentage of selling price in 1917 than in 1916 has been made possible by the high prices prevailing for hides and other by-products.

As bearing on this same significant fact, the accompanying Diagram I has been prepared based on figures from Swift & Company's books showing the relation between the price paid for live cattle, the price of dressed beef, the value of by-products, and the net profit per hundred pounds of dressed beef, weekly, for the year ending June 30, 1917. Since cattle bought at any one time are sold as dressed meat a week or so later, the sale price of dressed beef as shown in the diagram is for one week later than the price paid for cattle. This makes the comparison approximately accurate.

Several important facts are revealed by this diagram. First, it will be seen that in general the prices of beef and cattle fluctuate together; second, the actual margin between sale price of beef and cost of live cattle widens out somewhat as prices rise, due to the fact that beef yield is only a little over 50 per cent of the live weight, so that the price of beef has to increase or decrease faster than the price of cattle. As the *actual* spread widens, however, it becomes a *smaller proportion* of the selling price.

Finally, and most significant, the diagram shows that the net profit remains within narrow limits, whatever the prices of beef and live stock, and that for many weeks during the recent era of high prices, actual losses have been suffered by the beef branch of Swift & Company's business. There could be no better evidence of an absence of control over prices of beef and cattle.

CONCLUSIONS WITH REGARD TO PRICES.

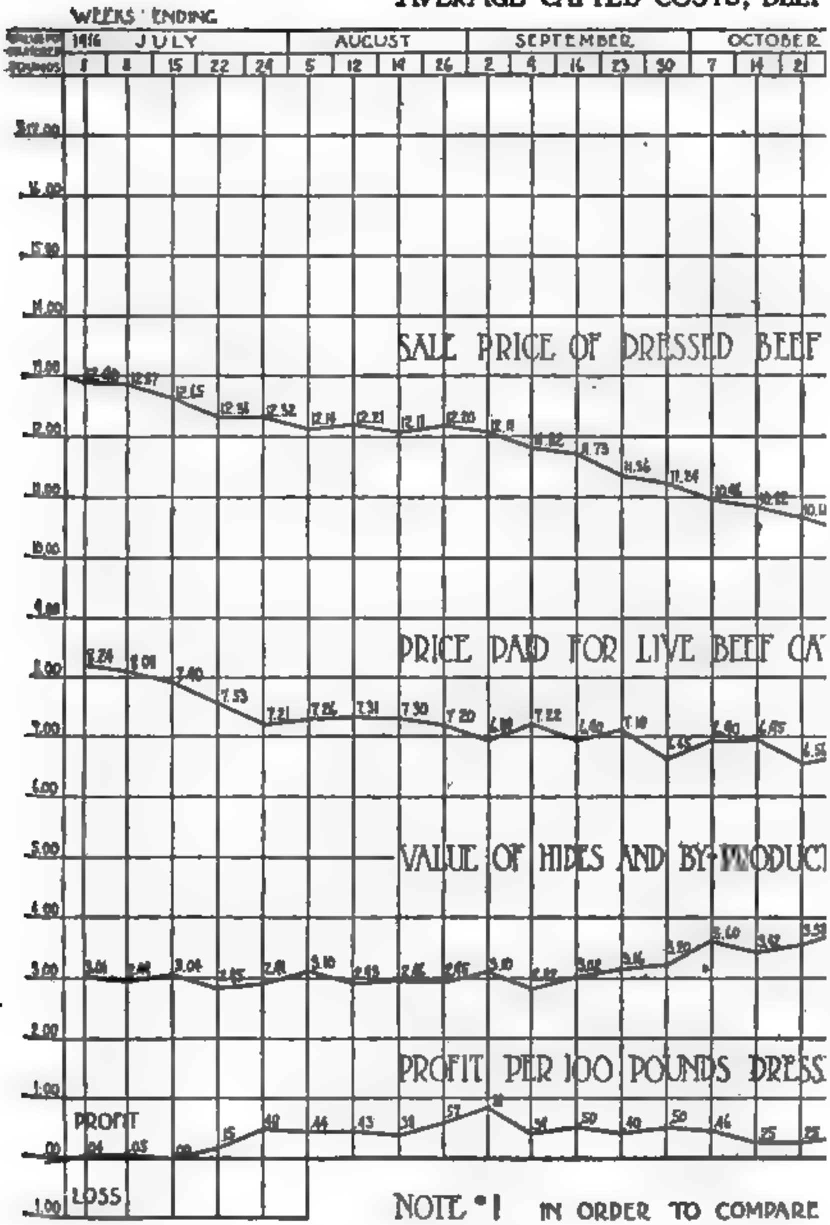
From the foregoing discussion of prices in answer to Question 1 the following facts have been established:

1. The increase in meat prices has been part of a general movement toward higher price levels, due to economic causes that are not peculiar to the packing industry.
2. Meat prices have not advanced as much as the prices of foodstuffs in general, nor as much as the prices of other important articles of commerce.
3. Meat prices have not advanced as much as the prices of live stock.
4. A record quantity of live stock marketed accounts for the fact that meat prices have not advanced as much as the prices of other commodities.
5. These greater marketings of live stock have not been accompanied by a diminution of the number of animals on farms, as is popularly believed, but rather by a definite increase of the live-stock supply. In other words, live-stock production has not been discouraged.
6. There is nothing about recent price tendencies which indicates or suggests that there have been any unnatural or artificial causes at work with regard to meat prices.
7. The only way to promptly reduce prices appreciably under present conditions would be to induce or to compel consumers (at home and abroad) to use less meat; but this would react on the farmer by reducing the price of live animals, and this in turn would curtail production.

Diagram 1

S

AVERAGE CATTLE COSTS, BEEF



NOTE *1 IN ORDER TO COMPARE
CATTLE FROM WHICH THE BEEF CA
WEEK LATER THAN THE DATES SHO

NOTE *2 PROFITS SHOWN ARE BASED
EXPENSES INCURRED.

QUESTION 2.

Since Question 2 asks how the present agencies in production and distribution fail to perform their economic functions in serving the ultimate consumer, this question will be answered under Question 4, which asks for economic weaknesses in the present system and the remedies therefor.

QUESTION 3.

"In your opinion, is the present vast system of conducting the meat business from the raising of the animals on the range and farm through all the steps to the table of the consumers the result of the operation of healthy, natural laws or is it in part the result of efforts, either conscious or unconscious, to interfere with the operation of such laws?"

Our reply to this question is as follows:

We believe the present system of marketing live stock from the ranch or farm to the consumer's table is the result of "healthy, natural laws," and that it has not been the result of efforts "to interfere with the operation of such laws." We further believe this fact is susceptible of conclusive proof to the impartial student. The reasons that we advance for this belief, which will be enlarged on below, are as follows:

(1) Each middleman or manufacturer, now engaged in the marketing of live animals and meats, performs necessary and useful functions.

(2) The development of large packing companies is the natural result of the economies of large-scale production and distribution.

(3) The packers buy animals and sell meats in open competitive markets.

1. SERVICES PERFORMED BY THE VARIOUS MIDDLEMEN.

The channels of trade through which live stock generally passes from producer to consumer are as follows: At country points, growers either ship direct or sell to a "shipper" or "cattle buyer," or in some cases ship through a cooperative association. When a grower raises enough live stock to ship in car lots, there is little or no need of a middleman at country points. On the other hand, when farmers raise animals on such a small scale as to have only a few head to market at one time, it becomes practically necessary for some agency to gather the offerings of individual farmers for car-lot shipments. In some cases this service is performed by the farmers cooperatively through their own shipping associations.

On leaving country points, live stock is shipped to commission merchants in the large central markets. These commission merchants look after the interests of shippers, and attend to the handling and feeding of stock in the yards. They are expert judges of live-stock values; know the needs and peculiarities of the various buyers; and obtain the highest possible price for their consignments.

Although "dealers" and "shippers" handle part of the receipts in all large stockyards, and have an important and beneficial influence on prices, the next important step is the packing house, which not only performs the necessary functions of slaughtering and

dressing, but ordinarily markets through an extensive selling organization to retailers all over the country. The retailer is the final step in the marketing process, and his services are just as necessary as those of the various other agencies described above. In fact, there seems to be sufficient economic justification for the general organization of the marketing process.

2. REASONS FOR THE DEVELOPMENT OF LARGE PACKING HOUSES.

This brings us to the organization of the packing business itself and the fact that there has been a development of large companies. This has happened, as in other industries, though to no greater extent than in many, because of fundamental economic advantages which accompany large-scale production. These advantages are as follows: Minute division of labor and specialization in the manufacturing department of the business; utilization of by-products; efficient marketing organization and methods; as a result of these three advantages a surprisingly low cost of production and distribution; and finally the production of the highest possible quality of meats and the standardization of grades.

Division of labor and specialization.—The packing industry offers one of the best examples of economies resulting from minute subdivision of the manufacturing process among specialized workmen. Because business is done on such a large scale, it is possible to let each employee specialize on some single process, thereby bringing about the highest possible degree of accuracy, skill, and speed.

Utilization of by-products.—The packing industry is the classic example of economies effected through the utilization of by-products, and this point does not need to be enlarged on.

Efficient marketing organization and methods.—One of the most important features of the present organization of the packing business is the fact that meats are distributed direct to retailers in the larger cities and towns of the country through the branch houses of the packers. Branch-house distribution is supplemented by the "car routes" which reach towns that are not large enough to support branch houses. This extensive marketing organization results in the most scientific and skillful handling of the perishable products sold, and makes them available to all parts of the country. Since different cities demand different qualities of meat, this organization makes possible the shipment of just the quality demanded; since the quantity demanded by different sections fluctuates from week to week, meats can be sent to markets where demand is the greatest, and kept away from those markets where demand is slack. Only a country-wide organization can do this with the greatest efficiency. Furthermore, a well-organized export department takes care of the foreign business.

The efficiency of marketing is also enhanced by the fact that each of the large companies has a number of packing houses distributed throughout the producing sections, enabling the most efficient and economical assembling of the different qualities of animals from various parts of the country, and the shipment of meats from the nearest plant in each case. The efficiency due to size applies not only to the marketing of meats, but to the manufacturing and marketing of by-products as well.

Low cost of slaughtering and marketing.—As a result of these advantages of large-scale production, the expenses of slaughtering, dressing, and marketing have been reduced to a minimum, and the packer takes out an astonishingly small margin between producer and consumer. One of the most striking facts that illustrate this point is that the price paid to the stockman by the packer for cattle is about 90 per cent of the price actually realized by him in the sale of beef and by-products.

In a recent bulletin on the "Meat Situation in the United States," issued by the United States Department of Agriculture, figures are presented showing the marketing costs on nine lots of cattle from country shipping points through the retailer to the consumer. Interpreting these figures, the bulletin says:[1]

> The distribution of returns indicated by the data is approximately two-thirds to three-quarters to the stockman, 3 to 4 per cent shipping and stockyards expense, 5 to 6 per cent packing and wholesale distribution, and 15 to 20 per cent retailing.

These percentages are based on final retail prices. It must be borne in mind that the packer has to pay his expenses of buying, maintenance and operation of slaughtering plants, transportation, and selling through branch houses out of this 5 or 6 per cent, as well as make his net profit.

These figures prove conclusively that the packer performs his services at low cost, and that he receives a surprisingly small part of the total spread between the price of live cattle and the price paid for meat by consumers; the inspection of the Swift & Company accounts by the auditors of the Federal Trade Commission will reveal these facts even more convincingly.

Improvement and standardization of meat quality.—Possibly the greatest advantage of all is the improvement and standardization of the quality of meat sold, as well as the condition in which it is delivered to retailers. In the first place, the scientific methods used by the packers yield the very highest possible quality and condition of meats from the animals available for slaughter, and this is one of the greatest contributions of the large-scale packing industry. Furthermore, the qualities and grades are standardized and the large packers are able to supply a definite standard of quality month in and month out to any individual dealer who has a definite and established trade. The qualities of meat demanded by different sections of the country and even by different cities in the same section vary, and the packer with his large supply and assortment can adjust his shipments to suit these various demands. In other words, the large packer makes possible the production of the highest possible quality of meats, their availability in perfect condition, the standardization of grades, and in general the most efficient utilization of the meat supply.

PROFITS.

From the gross margin, as explained above, the packer must not only pay his expenses but he must also obtain his net profit. Swift & Company's average net profit over a series of years has been less than three cents per dollar of sales.

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[1] Report No. 113, p. 71.

Profits on cattle and sheep.—For the five years ending with September 30, 1916, Swift & Company in all of its plants together made a profit of $1.22 per head of cattle, before paying interest on borrowed money. The net profit by years was as follows:

Profit on cattle.

	Per head.
1912	$0.707
1913	.776
1914	1.171
1915	1.643
1916	1.651

This profit amounts to about one-eighth of a cent a pound live weight, or one-quarter of a cent a pound dressed weight, *including returns from all the by-products.*

It has been commonly said that the prices prevailing for fat cattle in the year 1915 were unprofitable to the producer. It has also been intimated that the general business situation justified much higher beef and cattle prices, and that as a matter of fact the packers had, by reason of low cattle prices, made exorbitant profits on cattle in 1915. Our profits on cattle during 1915 were $1.64 per head, approximately one-eighth of a cent per pound live weight, or one-quarter of a cent per pound dressed weight of beef, including all of the by-products. Our profits during that year were seldom as high as one-half cent per pound of beef. This was also true in 1916.

In arriving at the profit for the five years we have taken into account the actual amount of money which the retail dealer paid us for the sale of the dressed beef; and the sale of livers, hearts, tails, etc.; the sale of casings, oleo oil and stearine, tallow, blood and tankage, bones, hoofs, horns, and, in fact, all of the by-products produced. We have taken into account the actual sale of the hides, the major portion of which is sold to tanneries in which we are not interested. The hides which we have sold to our own tanneries have been charged to them at the full market price current on the day of sale.

From these sales we have deducted the actual cost of the live cattle and actual expenses and freight incurred. All expenses deducted represent actual money out of pocket, except depreciation, which has averaged less than 2½ per cent on buildings and 8 per cent on machinery.

Even if Swift & Company should waive all beef profit and give it to stock raisers, they, the stock raisers, would receive less than $1.50 a head more than they now realize; if it should be given to consumers in the form of lower meat prices, it would reduce the cost to the average individual less than 25 cents per year for all the beef that he eats. As a matter of fact, if the packer should give up his net profit on slaughtering and meat packing, *the effect on both live-stock prices and retail meat prices would be inappreciable; it would be practically nil.* If these facts could be generally realized, they would dispel the popular illusion that the packers manipulate prices so as to make extortionate profits.

On sheep and lambs, Swift & Company's average profit for the five years ending September 30, 1916, was only 14.9 cents per head, including the sale of all by-products. The profit by years was as follows:

Profit on sheep.

	Per head.
1912	$0.156
1913	.126
1914	.115
1915	.157
1916	.200

Hog Profits.—In considering hog profits, it should be realized that hog packing differs from cattle and sheep slaughtering in important respects. There are larger elements of uncertainty in the hog industry; whereas the dressed meat of cattle and sheep is sold almost immediately after slaughter, the greater portion of the hog goes through various processes of curing and preparation, which means that such products made from hogs bought to-day will not be sold for several months. The probable future value of these hog products is therefore much more speculative than the products of cattle, sheep, and lambs, which are sold before the market has had time to change to any great extent, and the value of the live hog is therefore influenced largely by the trader's estimate of future conditions. It should also be noted that hog values depend more on world conditions and influences, whereas values of cattle and sheep depend more on domestic supply and demand.

For the five years ending September 30, 1916, Swift & Company's average net profit on hogs was 58.5 cents per head. The profits by years have been as follows:

Profit on hogs.

	Per head.
1912	$0.503
1913	.603
1914	.567
1915	.186
1916	.974

No interest on borrowed money has been deducted in obtaining these results; and such interest charge is greater for hogs than for cattle and sheep. The speculative nature of the results is indicated by the wide fluctuation in profits from year to year from a minimum of 18.6 cents a head in 1915 to a maximum of 97.4 cents in 1916. The figures do not include profits on refined lard. Even if they were to be included—and the refining of lard is an entirely separate business—the net profit per hog would be raised to only 66.5 cents instead of 58.5 cents as shown above.

It will be found by the accountants of the Federal Trade Commission, who are working on our books at the time this is written, and who can verify the figures shown above, that the profits for the nine months ending June 30, 1917, have been running larger than during recent years. But even during this period the net profit on all cattle, sheep, and hogs slaughtered, has been less than one cent a pound, dressed weight. It is impossible to obtain final figures for 1917, especially on hogs, until later in the year. Our stocks of cured meats reach their maximum in July and actual profits can not be computed until they have been sold late in the fall.

The principal reason for higher profits during recent months is that values have been advancing so rapidly and steadily that between the time of the slaughter of animals and the time of sale of the resulting meats the enhancement of values has been much greater than we could anticipate. When the tide turns and values begin to recede, the effect on our profits will be just the opposite—*i. e.*, they will be reduced or turned into losses. For this reason, we do not consider such additional profits as available for distribution among shareholders, but expect to conserve them in the nature of a reserve to take care of possible losses in the future.

In connection with the profit figures shown above, someone may say that, though the profit per head is small, the profit in the aggregate is large. It is, of course, only because of the immense volume that the packer can afford to do business on the slender margin that ordinarily prevails and still earn a fair return on capital invested. It is safe to say that the profits on capital invested earned by the large packers are no more than reasonable. If some earn more than others this is the reward of greater efficiency. *It is also a significant fact that the earnings of the packers, even during recent months, have been small as compared with the profits reaped in other lines of business during war times.*

If those who are so suspicious of the big packers could only visualize the position the packers occupy,—the fact that after having developed the best buying methods possible, the most efficient manufacturing methods, and the most effective sales organization, they are able to realize over long periods only a fraction of a cent net profit per pound; and that it requires a continuous and aggressive policy of maintained and improved efficiency to save this slender margin of profit after all expenses are paid, then those who are fair minded could not help but change their views. They would come to the realization that the big packing industry is something for the country to be proud of and that its operations are a benefit to both stock raisers and meat dealers in that under no other system could the margin between cattle prices and meat prices be as small as it is.

3. THE PACKER BUYS ANIMALS AND SELLS MEATS IN OPEN COMPETITIVE MARKETS.

It has already been shown in reply to Question 1, that the prices of beef and live cattle fluctuate together, and that the net profit to the packer, although it varies from week to week, averages less than a half a cent a pound, and bears no relation to the prices of dressed beef and live cattle. This in itself constitutes a proof that prices are not manipulated so as to yield extortionate profits to the packers; but there are numerous other features of the live-stock and meat trades, which would render it extremely difficult, if not absolutely impossible, for any set of operators to control prices, even if they should attempt to do so. Some of these features are discussed below.

The demand for fresh meat, which is perishable, fluctuates greatly.—Live stock is worth to the packer only as much as it can be sold for after it has been converted into dressed meat and by-products. Although Chicago live-stock prices are looked on

as basic, it is little realized how much they, in turn, depend on the prices of dressed meats in large consuming centers, such as New York, Boston, and Philadelphia. And the demand in these large consuming centers fluctuates from day to day, with consequent rapid variations in price, over which the packer has no control.

Approximately 90 per cent of the fresh beef marketed is simply refrigerated, rather than frozen, and is therefore extremely perishable. It must be sold within about two weeks from the time of slaughter. This complicates the packer's problem of meat disposal, because, rather than let meat spoil, he must sell it for any price that he can get. When the packer buys live animals, he has no way of foreseeing exactly what the demand for meat is going to be a week or two later; he knows only what meat is worth at the time the animals are bought, and this is the only basis he has to go by. He may anticipate a larger demand than occurs, and send too much meat to some particular market, and under such conditions he often has to sell at a loss, rather than let it spoil. Or the demand may be heavy for chucks, and light for hind quarters, with a resulting scarcity of one cut, and over-supply of the other. These vagaries of demand are absolutely uncontrollable.

The supply of live stock at the large markets varies from day to day and from week to week, and can not be controlled by the packers.—Most manufacturers can order such quantities of raw materials as they desire, and have them delivered at convenient dates. Not so in the packing industry. Live stock comes to market in a constant but unsteady stream. The packers have to absorb this supply of raw materials, even if the market for dressed meat is poor. When the demand for meats is slack, and prices are declining, and the packer has all the stuff he can carry, competition among buyers is listless, and the packer must naturally try to buy live animals at lower prices in an effort to avoid loss in the sale of the meat. It is the pressure of trade conditions during such a situation over which he has no control that forces the packer to buy at lower prices if he can; he can not be expected to deliberately buy animals at prices which apparently will result in loss after conversion into dressed meats.

How different it is when the demand for dressed meats is brisk, the meat stocks are low and the live-stock receipts are light! The buyers of the packers are in the market bright and early, with orders to get the stuff; they compete actively with each other and with shippers, and the price goes up. Although this happens just as often as the other occurrence—in fact much oftener during recent years—it is accepted as a matter of course.

These two points, that the packer can not control the demand for meats, nor the supply of live stock, are of fundamental importance. If the packer could set a definite price for his meats, and could then control his purchase of live stock and output of meats—as in the case of the ordinary manufacturer who sets a price for his product and regulates the purchase of material, and the output of goods in accordance with the quantity that can be sold at the price set, the situation would be different. But no! There are too many uncontrollable factors: The demand for meat and by-products; the supply of live animals coming on the market; the perishability of the

product, which makes it necessary to sell meat before it deteriorates, regardless of price. All these things, together with the fact that if prices were artificially boosted, consumption would be curtailed,—point to the absurdity of the charge that the packers control prices.

Dealers and shippers in live-stock markets offer effective competition.—Besides the packers there is another set of buyers in every live-stock market, who have an important influence on prices. These are the dealers and shippers. Just as soon as the price in any single market sags below what a dealer believes it ought to be, or will be the next day, he immediately steps in and buys. Or, if he sees that the price has gone low enough to yield a possible profit by shipping to some other market, he buys and takes a chance that the other market will stay up long enough for him to get his stock there. In other words, there are those in every market who stand ready to buy whenever the price falls below what they believe conditions justify; they have a steadying effect on the market; their operations help to keep the various markets of the country "in line" with each other.

Price fluctuations are not so severe as is generally thought, and frequent fluctuations indicate free competition.—Over short periods, the fluctuations in the price of live stock are not severe, as compared with the prices of most other commodities. An increase in the price of steers from $12.50 to $12.60 represents a change of less than one per cent; an increase from $12.50 to $13.00 represents a change of only four per cent.

Packers do not like price fluctuations any better than do live-stock producers, and do not benefit by them. In fact, the packers have two sets of fluctuating prices to contend with—those of live stock and those of dressed meats. As pointed out before, one of the packer's principal problems is to know market conditions so thoroughly that he can buy live stock and sell meats a week or two later in such a way as to average his quarter-of-a-cent net profit, notwithstanding the fluctuations in prices of both factors.

Furthermore, frequent price fluctuations represent a high degree of competition rather than the reverse. A study of the markets for other commodities proves this statement. Where competition is continuous and severe, as in an organized wheat market, the price oscillates continuously—but only an eighth of a cent at a time. In the potato market, which is less highly organized and where competition is not so severe, the price remains constant for days at a time, and jumps or falls perhaps five cents a bushel. Steel rails remained for years at $28 a ton! As a general rule, the less severe the competition the less frequent the fluctuations in price.

Price fluctuations are caused primarily by changes in the demand for meat, on the one hand, and the changes in the supply of live stock, on the other. The marketings of live stock are uneven, both within a single week and over long periods. Only by bringing about a steady demand for meat products and a better regulation of meat supply and of live-stock marketings can the severity of live-stock price fluctuations be reduced.

The prices of cattle, hogs, and sheep, do not move together, nor do the prices of different grades of the same kind of animal.—It frequently happens that the price of steers may be advancing, while the price of hogs remains constant or even falls. The market for fancy

eers may be dull, whereas the market for lower grades is active. his is another definite indication that prices are the result of com-tition and that they are determined by conditions of supply and mand.

The packing business could not be transacted successfully at arbi-ary or fixed prices.—Our business of buying and selling has to be ne "at the market," because, as pointed out above, we neither con-ol the supply of our raw material nor the demand for our finished oduct. To set an arbitrary price on live stock would result either encouraging too large a supply or in keeping live stock off the arket. To set an arbitrary price for meats would mean either at there would not be enough sold to use up the supply or else that ere wouldn't be enough to go around. Fresh meats are perishable, d we have to sell them for what we can get before they spoil. No t of men could set arbitrary prices all along the line and conduct e business successfully. Market prices govern and we have to llow them.

SUMMARY OF REPLY TO QUESTION 3.

In our reply to question 3 we believe we have established the llowing facts:

1. The organization of the whole marketing process for live stock d meats appears to have ample economic justification.

2. The development of large houses in the packing industry, as in ny other lines of business, has come about because of greater iciency of large-scale production and marketing.

3. The packer's gross margin to cover expenses and profits is onishingly small and accounts for but a small proportion of the al spread between farm price of live stock and the retail price of ats. The farmers get nearly 90 per cent of the prices received the packer for his dressed meat and by-products, and from two-rds to three-quarters of final retail prices.

4. The profits of Swift & Co. over a period of years have averaged s than three cents on every dollar of sales. On either a "per-head" invested-capital basis, they appear to be reasonably moderate.

5. The larger profits of 1916–17 have been caused principally by a ady increase in values of goods in process of manufacturing and rketing, and corresponding losses on a future declining market st be provided for.

6. Fresh meats are perishable, and have to be sold within a short e for what they will bring; the demand for meats is continuously ctuating, and can not be controlled. Similarly the supply of e stock fluctuates greatly from week to week and can not be con-lled. All the facts of the case indicate that there is free com-tition in both the dressed-meat and the live-stock markets.

QUESTION 2.

"The meat packer stands between the producers of meat animals the one hand and the retail distributor of their products on the er. In what respects, if any, does either of these three agencies, your opinion, fail to perform its proper function in serving the imate consumer?"

QUESTION 4.

"What, if any, are the economic weaknesses of the existing system, and what remedies do you suggest for any existing evils?"

Since these two questions are so similar in character, we are taking the liberty of answering them together.

WEAKNESSES IN PRODUCTION AND MARKETING OF LIVE ANIMALS.

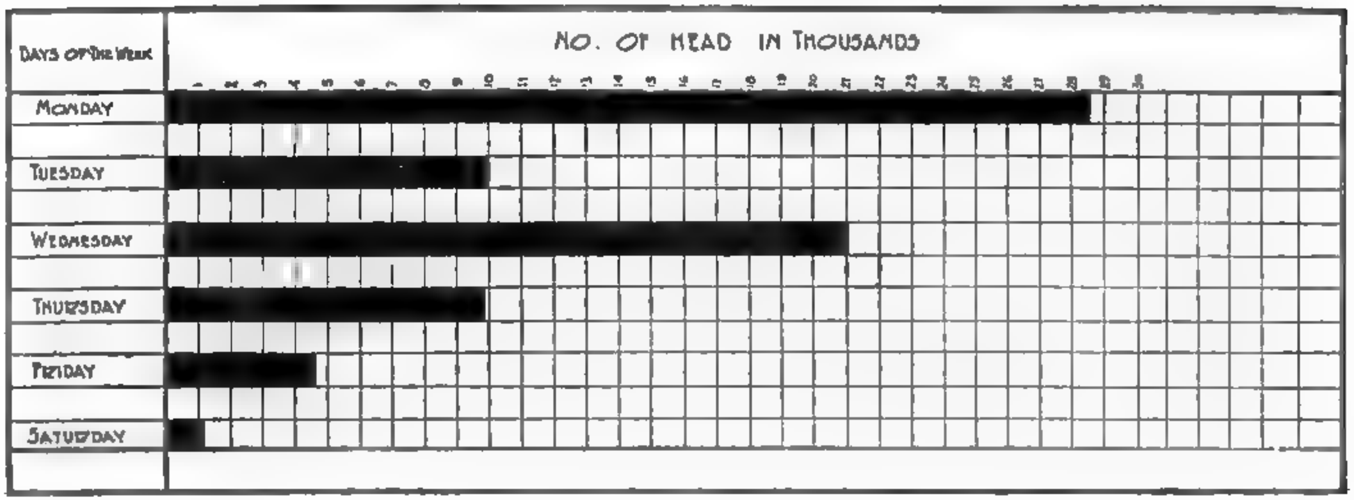
1. *Uneven marketing of live stock.*—The quantity of live stock marketed fluctuates greatly from day to day and from week to week. In the first place, shipments are concentrated too heavily into two days of the week, as shown by the accompanying Diagram II, which gives the average receipts of cattle at Chicago for each day of the week for the two months, November and December, 1916. More serious than this concentration within the week are the recurrent gluts and scarcities of live stock in the principal markets, as indicated by Diagram III, which gives the receipts of cattle and hogs at seven large markets for each week of 1916. This uneven marketing is due partly to insufficient knowledge on the part of shippers concerning market conditions and prospects. There is no way of forecasting exactly what conditions will be when a load of live stock reaches the market, but improvement in this respect can be made through the means of more authentic and comprehensive market reports than have heretofore been issued. The Office of Markets of the United States Department of Agriculture has recently extended its Market News Service to include the prices and movements of live stock, and market conditions and prices of dressed meat, and this will undoubtedly be beneficial in bringing about a more even marketing and in lessening the severity of price fluctuations. It might even be possible for the Federal Trade Commission and the Office of Markets of the United States Department of Agriculture, in cooperation with live-stock exchanges, commission men, and shippers, to inaugurate a system which would have the effect of controlling live-stock shipments, so as to make the receipts at the principal markets more uniform, and more in accord with market requirements.

2. *Extensive speculation in cattle feeding.*—The buying up of cattle for the purpose of feeding them for market is, of course, a legitimate as well as a specialized business. It is, however, an exceedingly speculative one, and one that should not be entered into lightly without an expert knowledge of feeding, as well as an intimacy with market conditions. It appears that ofttimes too many men without the proper qualifications go into this business and suffer losses. It would be much better in many such cases if the farmer who raised the animal in the first place had done his own feeding. The promiscuous speculation in feeders also results in an unnecessary amount of transporting of animals from place to place.

3. *Inefficient production of live stock on farms.*—Although there has been a vast improvement in live-stock production, there are still many farmers who raise poor breeds of animals, which do not yield the greatest possible amount of weight for the quantity of feeds consumed. There are also many losses from disease, which could be avoided by a better knowledge of live-stock raising. The United States Department of Agriculture estimates that the annual loss from

Diagram 2

AVERAGE CATTLE RECEIPTS AT CHICAGO FOR EACH DAY OF THE WEEK
NOVEMBER AND DECEMBER 1916.



Low cost of slaughtering and marketing.—As a result of these advantages of large-scale production, the expenses of slaughtering, dressing, and marketing have been reduced to a minimum, and the packer takes out an astonishingly small margin between producer and consumer. One of the most striking facts that illustrate this point is that the price paid to the stockman by the packer for cattle is about 90 per cent of the price actually realized by him in the sale of beef and by-products.

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[1] Report No. 113, p. 71.

disease and exposure runs from something over three per cent in the case of cattle to over six per cent in the case of hogs, and that the aggregate loss of cattle, hogs, and sheep from these causes is over $200,000,000 a year.

The remedy for this situation is to be found only through the gradual education of farmers, and this is the province of the Federal Department of Agriculture and the State agricultural colleges.

4. *Practices of commission men and dealers in the large live-stock markets.*—The functions of these middlemen are necessary and important, but it is acknowledged that occasionally commission men fill outside orders from their own consignments, and that sometimes dealers fill such orders from stock that they own themselves. The live-stock exchanges have taken cognizance of these practices and are trying to eliminate them.

5. *Inefficiency of local stock buyers and shippers.*—In sections of the country where live stock is not raised on a large enough scale to permit individual farmers to ship in carloads, local stock buyers go about from farm to farm and buy up the small offerings of individual farmers, and combine them for carload shipments. There are often four or five such buyers at a single country point, resulting in duplication of effort and in relatively large overhead expense for each shipper.

One remedy for this situation is the development of cooperative shipping associations by the farmers themselves, in sections of the country where stock is raised on a small scale. Such associations have been developing very rapidly in the Northwest, especially in Minnesota. They save unnecessary expense of driving around from farm to farm, and avoid the duplication of effort which results when there are a number of independent buyers at a single shipping point.

WEAKNESSES CONNECTED WITH THE PACKING INDUSTRY.

1. *Fluctuating supply of live stock.*—The uneven marketing of live stock, discussed above, is a weakness of the present system, not only from the standpoint of the stockman, but it is a serious disadvantage to the packer. Since the offerings of live stock at the central markets have to be absorbed within a short time after their arrival, this means that the packers have to buy uneven quantities of their raw material from day to day—a condition that almost no other kind of manufacturer has to face. This means that animals have to be slaughtered and meat marketed in uneven quantities, and not in accordance with the demand for meats.

2. *Uneven marketing of meats.*—Although the quantities of live stock marketed from week to week fluctuate more than do the quantities of dressed meat marketed, yet the distributing organizations of the packers have not reached such perfection but that there is often an oversupply or undersupply, of meats in large consuming markets. When there is an oversupply, the price has to be cut in order to move the perishable goods before they spoil; when there is an undersupply, competition of purchasers forces the price up. The net result of these gluts and scarcities is a constantly fluctuating price, which could be largely avoided if the packers could foresee more ac-

curately the quantities needed in individual markets. Acting individually, the large packers are probably doing as well in this respect as could be expected, inasmuch as they have well-organized selling branches with expert managers at their heads.

3. *Loss by condemnations.*—A third matter that may be considered a weakness, but one for which the packers are not responsible, is the fact that the packers have to stand the burden of loss resulting from the condemnation of diseased animals after they are slaughtered. This loss, by becoming an expense to the packers, is reflected back to all producers through prices paid, and not to the particular producers who ship diseased animals, who, therefore, are not penalized. This situation tends more to encourage than to discourage the marketing of diseased animals, and is one reason why the efforts to eradicate disease have not been more effective than they have.

STOCKYARDS.

In addition to the weaknesses alluded to above, it is often claimed that the financial interest in some of the stockyards by packers is unfortunate. As a matter of fact, the principal reason why packers have become interested in yards at all has been to develop them to the highest point of efficiency. When a live-stock market is young and undeveloped, the opportunity to make profits is hardly sufficient to induce private capital to enter the business; it has, therefore, devolved on the packing companies to develop the yards in some cases, so as to establish a market which will attract shipments, and to provide facilities for the proper handling of animals, and this the packers have done.

Since the primary desire of the packers in connection with stockyards is efficient service, Swift & Co. would be perfectly willing to relinquish such financial interests as it has in stockyards, *provided it can be assured that the present high standard of efficiency in operation be continued.*

Furthermore, if the Federal Trade Commission should discover any features of stockyards management and operation which are unsatisfactory, Swift & Co. will be glad to cooperate to the fullest extent in their improvement.

MARKET PAPERS.

Another feature that has frequently been attacked is the financial control by packers of some of the live-stock market papers. We admit that in principle it is not the best plan for a market reporting paper to be financially controlled by any firm dealing in the commodities which are quoted in such a paper. But here again, the only reason why Swift & Co. has ever interested itself in such a paper has been to develop an efficiently managed and meritorious paper, one that will be a credit to, and an advertisement of, the market which it represents. As in the case of the stockyards, Swift & Co. would be glad to relinquish its interests in market papers, provided it can be assured that such papers will be efficiently edited and managed.

There are various other complaints made against the packers, which we shall be glad to answer at any time, if the Federal Trade Commission cares to go into them.

GENERAL CONCLUSIONS.

In answering your questions, we have shown that the prices of meats have not risen as much as the prices of commodities in general, nor as much as the prices of live animals. What increase of price there has been, has been due to natural causes, and not to any causes inherent in the packing industry alone.

The reason why live stock and meat prices have not advanced as much as the prices of other commodities is that there has been an increased supply of live stock. This is an extremely significant fact, especially when it is realized that the record marketings of live stock in 1916 have been accompanied by an increase in the number of live animals on farms. This is a clear proof that live stock production is profitable. There are numerous other evidences of this fact: experiment stations report handsome profits from their feeding activities; the steady increase in land values in stock-raising sections furnishes another proof, because land values depend on the profit producing powers of the land; the testimony of innumerable stockmen also points to the same conclusion. If the Trade Commission requires any further evidence on this point, we can furnish the names of a large number of growers who have achieved very satisfactory results.

In fact, all who are really conversant with the industry know that stockmen and feeders have been making unusually large profits during the past few months, and that the accusation that the packers hold down the prices of animals to such an extent as to discourage live stock production falls to the ground.

It has also been shown that the whole organization of the marketing process for live stock and meats is fundamentally sound, and that all agencies perform necessary functions. The development of large concerns has come about through greater efficiency and economy which result from division of labor in production, utilization of by-products, large-scale and effective marketing methods, and the ability to produce the best and most uniform quality of meats from the raw materials available.

The packers make astonishingly small gross margins between farmer and consumer, and their net profits are not only infinitesimal per pound of meat sold, but they yield a return on capital invested which is only normal and reasonable. The increased profits of the past few months have been due primarily to the steady increase in values of stock in process of slaughtering, dressing, curing, and marketing, and will be counterbalanced by reduced profits, if not actual losses, when the market begins to recede. Furthermore, the increased profits of the packers have been as nothing compared with the profits earned in other industries under war conditions.

It has also been pointed out that the packers purchase animals and sell meat in open competitive markets. There are conditions affecting the demand for meats in principal consuming markets and affecting the fluctuating supply of live stock from week to week, which are

the real factors determining prices, and over which the packers could exercise no control even if they should try to do so collectively.

Finally, it has been pointed out that there are certain definite weaknesses in the system of marketing live stock, such as the uneven marketing of live animals, the uneconomic practices of country shippers, and certain practices of commission men and dealers—all of which are possible of improvement. We have also pointed out certain practices and conditions which may be considered weaknesses of the present organization and methods of the packing industry, and Swift & Company expresses its willingness to cooperate to the fullest extent with the Federal Trade Commission, or, under its control and direction, to make such changes as may seem reasonable and desirable.

In discussing the weaknesses of the system, we have said nothing about the retail butcher. The cost of retailing, on account of the elaborate and expensive service that consumers demand, is larger than the packer's expenses for slaughtering, transporting, and handling through branch houses, as shown in Report No. 113, United States Department of Agriculture, quoted above. We are not prepared to express an opinion on the reasonableness or unreasonableness of the retailer's expense and gross margins, and we presume that the Federal Trade Commission will satisfy itself on this point.

In presenting these answers to your questions, we have attempted to stick to facts. The intimate figures concerning our costs and profits are possible of verification by your accountants, who are working on our books. We believe that the packing industry is established on sound economic principles, that it has attained an exceptionally high degree of efficiency, and that the facts of the case prove that there is no ground for the suspicion prevalent in the public mind.

CHICAGO, *August 25, 1917.*

STATEMENT SUBMITTED BY THE CUDAHY PACKING CO. RESPECTING THE PROBLEMS, PRICES, AND PROFITS OF THE PACKING INDUSTRY.

QUESTIONS.

I.

"As you are aware, there is widespread complaint among consumers as to the prices of all meats and other animal food products. The Commission would like your views as to the cause of present high prices, to what extent they are justified, and if in your judgment there is not complete justification for them, what factor or factors in the production and distribution of meat animals and their products can be justly criticized?"

Answer appears on pages 14 to 26.[1]

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[1] Pp. 440–449 of this volume.

II.

"The meat packer stands between the producer of meat animals on the one hand, and the retail distributor of their products on the other. In what respect, if any, does either of these three agencies, in your opinion, fail to perform its proper function in serving the ultimate consumer?"

Answer appears on page 27.[1]

III.

"In your opinion is the present vast system of conducting the meat business from the raising of the animals on the range and farm through all the steps to the table of the consumer the result of the operation of healthy, natural laws or is it in part the result of efforts, either conscious or unconscious, to interfere with the operation of such laws?"

Answer appears on page 27 to 31.[2]

IV.

"What if any are the economic weaknesses of the existing system, and what remedies do you suggest for any existing evils?"

Answer appears on pages 4 to 13.[3]

CHICAGO, ILLINOIS, *July 28th, 1917.*

HON. JOSEPH E. DAVIES, *Commissioner*,
Federal Trade Commission,
Washington, D. C.

MY DEAR SIR: On behalf of our company I acknowledge receipt of your favor of July 23rd being an identical letter which you are submitting to various other corporations engaged in the packing business including a questionnaire and enclosing a copy of the letter of instructions addressed to the Trade Commission by the President, dated February 7th, 1917, in accordance with which and with the terms of the recent $250,000 appropriation by Congress, we understand that the investigation recently begun respecting the prices, costs, and profits of meats and other food products is being conducted. You may count upon the hearty cooperation of our company to aid you in your investigation, for we are sincerely anxious to have your report of such breadth, completeness, and accuracy that it may result in the public being informed respecting the facts as to why the prices of meats and other food products are high, and as to whether any factor in the chain involving the production, preparation, and distribution of foods is operating either in an uneconomic or an extortionate manner, so as to be taking an undue amount from the ultimate consumer by reason of an unwarranted profit or otherwise.

In this connection we feel sure that you will pardon us at this time in voicing our regret in learning from you that the Trade Commission is not itself to undertake an investigation of the costs, prices,

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[1] Pp. 449–450 of this volume.
[2] Pp. 450–451 of this volume.
[3] Pp. 432–439 of this volume.

and profits of the live stock raiser and feeder, or of the retail butcher. In order that the public may be informed as to the facts covering the precise question upon which it desires information, and to answer which we take it the President's letter and the appropriation of Congress directed the investigation of your Commission, it would seem to us as though consideration toward securing as accurate and complete information from the other factors involved in the production and sale of meats should be given by your Commission, as is planned with reference to the packing industry—which, as you state, simply "stands between the producers of meat animals on the one hand and the retail distributor of their products on the other."

And we venture to express the hope and belief that during the course of the investigation the Commission itself will broaden the field of its work so that the complete story may be told, and that the public may know the facts in their entirety. We feel sure that such an investigation will demonstrate that, so far as the packing industry is concerned, its operations both of manufacture and distribution are conducted with great economy and with a minimum profit considered from the standpoint of the risk taken and the services performed. And while we say this, we do not mean to indicate that any blame will be found to attach to the other factors included in the production and sale of meats. No doubt, just as in the case of the packer, the live stock producer faces greatly increased costs of production, and equally the retailer, in his distribution, due to the extreme degree and costly nature of the service which the public demands of him, will be found to have justification for his portion of the high prices paid by the consumer.

Four very interesting and comprehensive questions are submitted to us in your letter for answer. The proper conclusion upon them is largely what we expect to see the Commission state in its final report. Correct, accurate information and a breadth of understanding, both of the future and of the past of this country in its transition from an agricultural community to a highly specialized industrial nation affords a wonderful field for investigation, study, and statesmanlike judgment.

We venture to reverse the order of your questions and to give you our views first on Question 4, which is as follows:

> "What if any are the economic weaknesses of the existing system, and what remedies do you suggest for any existing evils?"

(a) In our judgment one of the greatest handicaps to which the packing industry is subject is the almost entire lack of understanding by the public, and by the Government, of the facts of the business. Indeed, due to their complexity and the great mass of factors and details, it may fairly be said that those engaged in the business seldom analyze them with reference to the principles and economic laws to which they are subject.

By the consuming public and by the press, the packing industry is almost always considered from the standpoint of the price of a porterhouse steak. Usually the standard from which the invariable conclusion that "the price is outrageously high" is arrived

at, is the price appearing upon the menu card of a fashionable restaurant, or the price charged by a butcher who receives an order from a customer over the telephone and delivers the meat later by an automobile. The fact is that the packer is responsible for neither. He is a manufacturer and a jobber dealing almost exclusively with retailer butchers, and selling at a lower scale of prices than the public sees or realizes.

A good illustration of what we have in mind as showing lack of understanding by the press and the difficulty of having the public understand the facts, we quote the following from a recent issue of a metropolitan daily:

EDITORIAL.

We have good food commissions and *very high food prices.*

How much are you paying for meat? Do you get any really *good* meat for eighteen cents a pound?

Has anybody promised to let you have good meat soon for *fifteen* cents a pound? We guess not.

Did you read the little cable dispatch sent by the Associated Press from London? Over there a certain Lord Rhondda is the "Food Controller."

The cable announced that he had reduced the price of bread one-quarter. Beginning in September the price of meat will be eighteen dollars and fifty cents a hundred weight—eighteen cents and a half a pound, and "further reduced each month to January, when the maximum is to be fifteen dollars a hundred, or fifteen cents a pound."

If you eat mutton you pay thirty cents for it, or more.

If you eat beef you pay still more.

We are unable to advise you that you will soon be paying less. Checked by a horror of gambling, we cannot offer a better suggestion, but we *think* that in January you will be paying more.

It may comfort you to know that the English will be paying fifteen cents a pound for meat soon, and it may interest you to ask yourself, in the language of our comic artist, "How Do They Do It?"

When you consider that we are building ships as fast as we can to carry food and bullets to England, and when you read in the papers constantly that we should not complain, because our duty is to feed our allies, and then when you read that England, our biggest ally—under very *good* management—is getting meat for something less than half you pay for it over here, you are intensely delighted to know how good conditions are over there, and puzzled.

The most casual investigation with reference to the facts would have disclosed that the prices of many kinds of meats to the consumer in this country are already less than 18½c. and that English prices in the alleged quotation from the food controller are not only extremely indefinite as regards the kind of meats, but are inaccurate in fact. Furthermore it is not stated whether the prices given are the jobbers' prices or consumers' prices. The casual reader would assume that these are consumers' prices. The facts are well shown by the following quotation from the Meat Trade Journal of London of July 19, 1917—the latest issue to which we have access.

It will be noted that these are jobbers' prices and that they in certain cases exceed the "30c. or more" which the editorial states as the consumers' price in this country, and are in all cases in excess of 18c. No consumers' price by Sept. 1 next of 18½c. is possible.

Central Meat Market, Smithfield, London.

[All quotations are per stone of 8 lbs.]

Description.	Thurdsay, July 12th.	Monday, July 16th.	Wednesday, July 18th.
	s. d. s. d.	s. d. s. d.	s. d. s. d.
Beef:			
Scotch short sides	10 4 to 11 0	10 4 to 10 8	10 4 to 10 8
Scotch long sides	9 10 to 10 4	9 4 to 10 0	9 4 to 9 8
English long sides	8 6 to 10 0	8 4 to 9 8	8 4 to 9 4
Irish short sides			
Irish long sides			
Irish (Birkenhead killed)	9 0 to 9 8	8 0 to 9 4	8 4 to 9 4
States chilled hind-qrs	8 8 to 9 4	9 0 to 9 4	8 10 to 9 4
States chilled fore-qrs	7 0 to 7 2	7 0 to 7 2	6 10 to 7 2
States frozen hind-qrs	7 10 to 8 4	8 0 to 8 4	8 0 to 8 4
States frozen fore-qrs	6 0 to 6 4	6 2 to 6 6	6 2 to 6 6
Argentine chilled hind-qrs	8 10 to 9 0	8 6 to 9 0	8 6 to 8 10
Argentine chilled fore-qrs	6 10 to 7 0	6 10 to 7 2	6 8 to 7 0
Argentine frozen hind-qrs			
Argentine frozen fore-qrs			
Uruguayan chilled hind-qrs			
Uruguayan chilled fore-qrs			
Brazillian chilled hind-qrs			
Brazillian chilled fore-qrs			
South African frozen hind-qrs	7 8 to 8 0	8 0 to 8 4	8 0 to 8 4
South African frozen fore-qrs	6 4 to 6 8	6 2 to 6 6	6 2 to 6 6
Chilled cow hind-qrs			
Chilled cow fore-qrs			
Frozen cow hind-qrs			
Frozen cow fore-qrs			
Mutton:			
Scotch	10 0 to 11 0	10 4 to 11 0	9 8 to 10 4
Scotch tegs	10 8 to 11 0	10 8 to 11 4	10 0 to 10 8
English	9 0 to 10 4	9 4 to 10 4	9 4 to 10 0
English tegs	9 8 to 10 8	10 0 to 10 8	9 8 to 10 4
English ewes	8 4 to 9 0	8 8 to 9 4	8 8 to 9 0
Irish	9 4 to 10 0	9 4 to 10 0	9 4 to 9 10
Irish tegs			
Welsh			
Dutch			
New Zealand			
New Zealand ewes			
Australian			
River Plate	6 8	6 8	6 8
Lamb:			
Scotch	11 0 to 11 8	11 4 to 12 0	11 0 to 11 8
English	10 0 to 11 4	10 4 to 11 8	10 4 to 11 4
Welsh	11 0 to 11 4		10 8 to 11 8
Irish	9 10 to 10 4	10 6 to 11 0	10 0 to 10 8
New Zealand	7 0	7 0	7 0
Australian	7 0	7 0	7 0
Argentine	7 4	7 4	7 4
U. S. A.			
Veal:			
Best	9 8 to 10 4	9 0 to 10 0	9 0 to 10 0
Secondary and middling	7 0 to 8 8	6 8 to 8 4	6 8 to 8 4
Pork:			
English, best	9 6 to 9 10	9 6 to 9 8	9 8 to 10 0
English, 2ds and 3ds	9 0 to 9 4	8 8 to 9 4	9 0 to 9 6
Sows	8 0	8 0 to 8 2	8 0 to 8 2
Irish			
Frozen	7 2 to 7 8	6 10 to 7 9	6 10 to 7 9

NOTE.—The highest price quoted for U. S. chilled hindquarters was 9/4 and the lowest 8/6, and for U. S. chilled forequarters from 7/3 to 6/10. These prices are per stone of 8 lbs. and represent the wholesale market prices.

The English pound sterling at present is worth $4.76, and this makes the equivalent prices as follows:

Hinds	8/6 to 9/4	25.3 to 28.9
Fores	6/10 to 7/3	18.1 to 21.6

Figuring hinds and fores of equal weight, this will make straight sides from 21.7 to 24.2, and you will note that these prices are practically the equivalent of the American jobbers' prices plus freight, war risk and marine insurance, commission, etc.; so that there is no truth whatever in the report that American beef is selling in London at less than they are in this country.

You will also note that Scotch beef is selling at higher prices than United States, and that Argentine is selling at less money.

Of course, due to the fact that the English people do not demand and receive the costly retailers' service, particularly its expensive delivery and rental features, and are content to largely carry their

purchases themselves to their homes, the consumers' price in Great Britain does not show such an advance over the jobbers' price as is the case in this country.

While the sale of beef and all products derived from cattle represents a very large sum of the business of the packing industry, it does not represent its largest portion in volume. We believe that your investigation will show that what, if any profit, there is realized by the packing industry from the sale of beef, is practically nominal and that even allowing to the beef any profit which may be realized from all the by-products secured from the handling of the cattle, it is less remunerative than any other department operated by a packer.

We believe further that the results of your investigation will be to disclose that in the handling of cattle and the sale of the beef and other edible products derived from them, that the packers generally have been an active force as the result of which, during these wartime conditions particularly, the price of meat to the consumer has advanced less and has been confined more nearly to the normal price than that of any other food commodity.

Unfortunately for the packer, he comes in contact with the public to a large extent as the producer of a daily food. The copper mine owner or the steel producer has an enormous advantage in this respect over the packer. The public does not realize that the profits of one copper mining company last year on a volume of sales not 1/25th that of the volume of the five largest packers made almost as much as the aggregate made by all those firms. The present quarterly earnings of a leading steel corporation, the volume of whose total sales annually is not the equivalent of the production of the packing industry, presents ordinarily a sum of money which the latter industry has not earned in any two of its most satisfactory years.

b. Another of the weaknesses of the packing industry as at present constituted is the relatively small amount of increment in value which it is able to add by its operations to the cost of its raw materials. This point is well shown by several of the most recent reports covering U. S. Census. For example, we quote the following from page 35 of the Abstract of Census of Manufactures of 1914, which includes a comparison with the Census of 1909:

Slaughtering and meat packing, 1914 and 1909.

Establishments engaged primarily in—	Census year.	Number of establishments.	Wage earners, average number.	Capital.	Wages.	Cost of materials.	Value of products.	Value added by mfg.
				Expressed in thousands.				
Total........	1914	1,279	98,832	$534,274	$62,136	$1,441,663	$1,651,965	$210,302
	1909	1,221	87,813	378,319	50,404	1,191,438	1,355,545	164,107

Judged from the standpoint of the value of its products, the slaughtering and meat packing industry has for years ranked FIRST of the industries of the United States. It will be noted that out of the total production of a value of nearly $1,652,000,000 the

value added by manufacture in 1914 amounts to only $210,000,000; or an item of about 12½ per cent. Of the 48 industries in the United States each producing in excess of $100,000,000 annually, this percentage of increment in value is the third from the lowest, lead smelting and sugar refining being practically 10 per cent, and the general average of all being in excess of 40 per cent.

Out of this increase in value must be paid wages, rents, taxes, interest, depreciation, repairs, insurance, advertising and other sundry expenses. Wages alone amounted to over $62,000,000, or about double the entire net profits. We venture the assertion that no other industry in the United States operates on such a narrow margin of net profits based upon the value of its output as does the packing industry; and in making this comparison it should be further borne in mind, and the public does not generally realize, that the packer in addition to manufacturing and preparing food products is also, through his branch houses, car routes, and other facilities, largely the distributor and jobber of the goods, thus performing two functions, whereas most manufacturers perform but one—the packer being largely driven to do this because of the perishable nature of a very considerable portion of the products he handles, thus requiring additional costs and involving risks of actual spoilage on a large scale unless handled with the utmost care, efficiency and success.

Also while we are discussing these statistics for the packing industry generally throughout the United States, we should perhaps call your attention to the fact that, according to the Census the number of establishments in the industry in the years 1909 and 1914 were as follows:

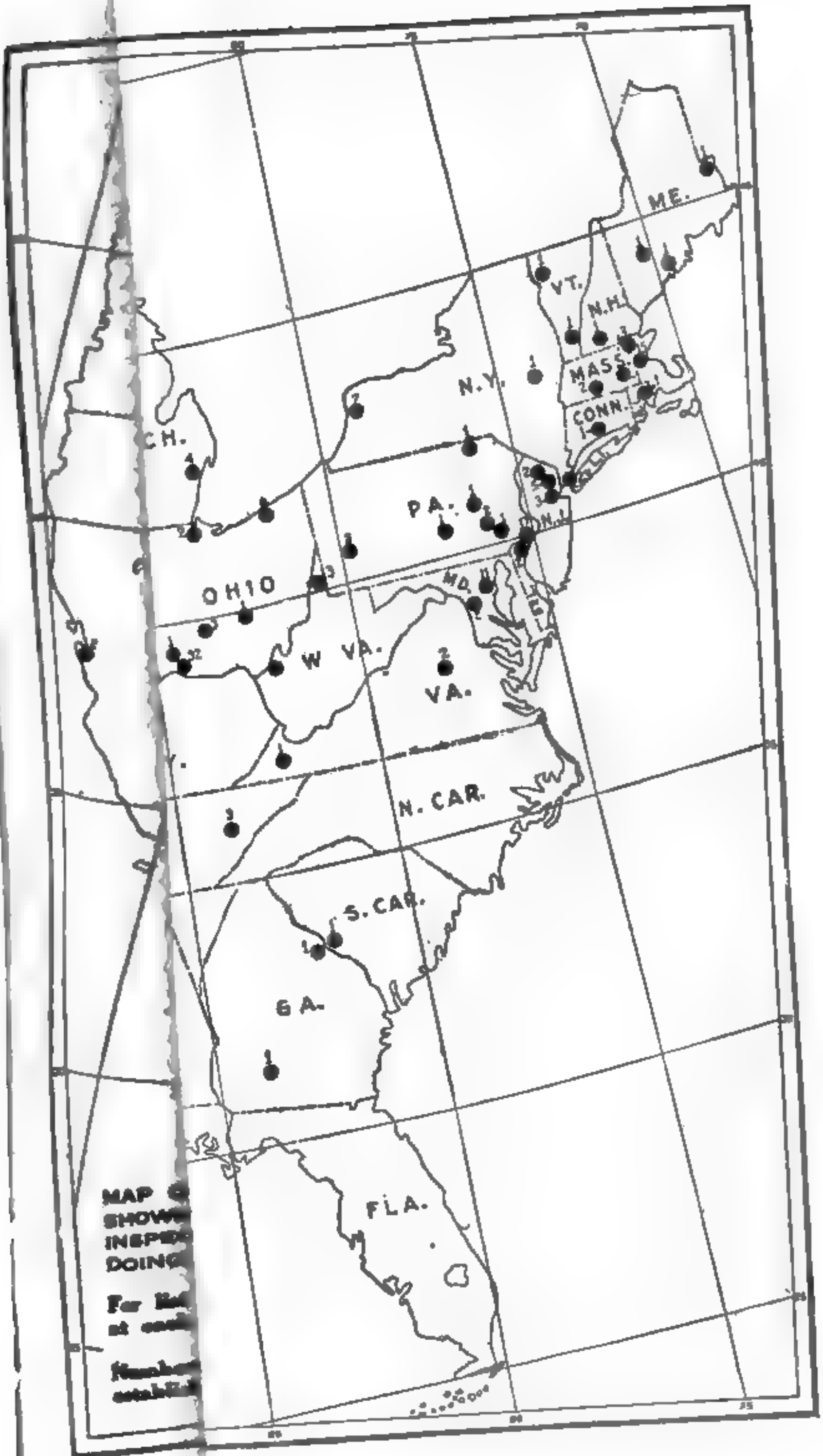
	No. est.
Slaughtering and meat packing:	
1914	468
1909	497
Slaughtering:	
1914	630
1909	565
Meat packing:	
1914	181
1909	159

Of the above 85 per cent of the value of the output was prepared by establishments conducting both slaughtering and meat-packing operations.

You, however, may be interested in the attached map which shows the geographical distribution of the most of these plants. It is made up from a summary of U. S. inspected establishments as of date of October 1, 1916. We also furnish a separate list[1] showing the names of the various firms owning the plants indicated in the various states and cities. While the larger and better known packers' volume of manufacture is high, nevertheless, the number of establishments owned and the large list of names of firms owning them give an idea as to the diversity of and competition in the industry.

c. Another of the weaknesses in connection with the packing industry, particularly in its preparation and distribution of fresh meat products, is the rapid fluctuation and change in market conditions

[1] This list, referred to on the map as the "next exhibit," is printed on p. 452. FEDERAL TRADE COMMISSION.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N. CAR.
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MAP

and demand at points of consumption and in the widely fluctuating and changing market conditions at points of supply in connection with the receipts of live stock. From the standpoint of the economical operation of a manufacturing establishment, of course, a regular supply of raw material proportionate to the amount necessary for convenient handling by the various departments and gangs, organized so that they may be utilized to their best advantage is highly desirable. No such condition exists in the packing industry and equally at the consuming end of the line, where products of a perishable nature are accumulated for sale, if the supply in anywise exceeds the demand (the latter being extremely variable, dependent upon weather, holiday conditions, and public taste and other competitive foods, etc.) a situation develops in which, of course, sales must be and are constantly being made without regard to the securing of any profit whatsoever on the transactions.

The observations we have made are those largely pertaining to the fresh meat portion of our business, which is the section in which, no doubt, most of the public complaint originates and wherein your investigation will largely be made. We hope, however, that your investigation will broaden out into the other fields of packers' production, where with cured meats, provisions and other standard products and the long line of by-products, inedible and otherwise, conditions exist which make possible the handling of the fresh meat business with all its unsatisfactory conditions. Then you will come to an understanding of many of our difficulties and be able to inform the public as to whether there are grounds for complaint or criticism as regards prices or profits in the fresh meat field.

d. Another great economic difficulty in the packing industry is due to the fact that it must and does under the present system bear as almost a total loss the entire burden of the value of live stock condemned by the Government Inspectors at the time of slaughter and afterwards. While, of course, diseased live stock should not enter into the meat supply of the nation, and while, of course, the packers are in entire accord with the idea of Government inspection of their products, nevertheless, it would seem that by greater cooperation the Government could trace disease back from the records secured on the killing floors of the packers to the farms and shipping points, so as to more frequently ascertain its source and location. This should lead to its eradication, and coupled with increasing propaganda along present lines with reference to the diversification of the live-stock industry, the bringing up of herds and flocks by better breeding, and the work along lines of disease prevention, secure increasingly satisfactory results to the live-stock grower and feeder as well as in dairy herds.

e. Another of the chief economic difficulties of this industry arises from the fact that its raw materials are produced through a wide geographical area by many millions of individuals who, both as regards their production (or purchase of live stock for feeding) as well as in their sales, are practically unorganized, as the result of which there is no regularity or stability of receipts or prices. The beef requirements of the United States annually run not less than 14,000,000 head. The prior history of the animals up until the time

they reach the stockyards for slaughter involves a considerable duplication of transportation, shrinkage, freight payment, and extra costs. Feeder competes with feeder at the time such purchase is considered desirable, and ofttimes competes against the packer as well, thus raising the price all around.

If, in addition to the present methods and supplies, each of the 6,000,000 farms of the United States would produce even a few head of finished live stock of good grade annually, the entire meat industry would be stabilized and the future supply assured. But it can not be denied that such increase in supply would probably affect a lowering in the price of live stock.

However, the interests of the public demand some united cooperative effort on the part of all factors, including the Government, in the final working out of this great problem. In its solution it is fundamental that cheap meats can not be produced from high-priced animals; but by intensive methods and more economic farming conditions it should be possible to produce a larger number of animals and derive profits by volume of production and economical handling of by-products (such as building up of soil fertility, raising of hogs, etc.) as will work out the protection of the interests of the live-stock raiser and farmer in a similar way to the economic laws under which modern business and transportation are done, where, by an increased volume, a greater profit is secured even though the per pound profit be reduced.

REMEDIES.

In addition to what has been mentioned with reference to your request for suggestions as to the remedies for various uncertain conditions, let us observe that there is immediate demand and a large field for practical work of a highly important character, and particularly at the present time.

For instance, during this week there has been a flood of grass cattle at various markets. The supply far exceeds any possible demand those particular days at such markets. The uncertainties of the present situation are such that the farmer who ordinarily would buy many of these cattle for feeders is in doubt as to whether he could buy the cattle at present prices and be able, under the unknown conditions of next winter or spring, to sell them with any profit in the transaction. The packer is unable to forecast next winter's or spring's conditions; and, with the present high prices for grains, who can blame the feeder for his unwillingness to risk his money? Nevertheless, if the feeders are not bought and financed on a large scale, it is difficult to determine where the supplies of beef are to come from six months hence. No words that we can say can overemphasize the importance of some means being worked out to protect this situation. It is an emergency of the present. Once these cattle come in at the present time in undue numbers and are slaughtered, the situation so far as they are concerned becomes irretrievable.

Similarly, there is considerable of a propaganda at the present time for the saving of the calves from slaughter and of ewes, for the purpose of replenishing or increasing the wool and mutton supplies. We understand that for some months, while the prices of live stock for slaughter have been so high, the dairy people in many sections of the country have been sending in their cows for sale and slaughter, thus practically assuring a reduction in the milk supply. There are many other problems, similarly, of which the foregoing are only illustrations, toward which all factors, including the Government, should be at work for their prompt solution and handling. While the packer is willing to help, he of course finds himself greatly impeded in his ability even to consider these problems from the broad viewpoint, because with increasing costs, shortage of labor, difficulties of transportation, restrictions of various kinds, including embargoes, the difficulties of doing business are becoming so great as to occupy more of his attention than ever before. As regards there being any solution possible to the foregoing, we can not at the present time volunteer any opinion. We will and do assure any officials or persons interested of our great desire to help in any practical manner.

There is a great field here for constructive cooperation and we will be very glad to have the Trade Commission indicate means and methods.

The adjustment of problems similar to those indicated is one involving a great investment of capital. Assuming these calves to be of sufficient breeding to be worth maturing as beef animals, the single item of the taking off the market and feeding and raising the 2,000,000 calves annually now slaughtered under U. S. inspection would involve not less than $40,000,000. The farmer or dairyman who sends a calf to market for sale must be protected financially in any remedy which is adopted, for many times his necessities will be such that he can not afford to raise the calf himself.

There could be easily diverted to the cut-over lands of Wisconsin alone, rich in clover and hay 1,000,000 sheep. The present annual slaughter of sheep is estimated at approximately 15,000,000.

But, with ewes worth at the present time on the markets some $10.00, here again, as in all these problems will be required the use of many millions of dollars. The plan must provide for some method of reasonable assurance to those carrying the investment and the risk that they will be able to at least realize a fair profit. Of course the present system, such as it is, which is so highly individualistic, scatters the losses, if any, in relatively small amounts among a very considerable number of people. The solution of the problem will be to find some way, similar perhaps to that of future selling of grains, under which live stock may be dealt with by all factors in its production and use on a basis of greater certainty and less chance of serious loss than at present.

Your letter asked us to speak with great candor and expresses your desire that some permanent constructive good may come from this investigation. Perhaps we have dwelt too long upon the subject of your Question 4, and have not covered it as you desired. We will

try to give more brief and explicit answers to the remainder of your questions, which are as follows:

> 1. As you are aware, there is widespread complaint among consumers as to the prices of all meats and other animal food products. The Commission would like your views as to the cause of present high prices, to what extent they are justified, and if in your judgment there is not complete justification for them, what factor or factors in the production and distribution of meat animals and their products can be justly criticized.

We will not undertake to discuss this question of prices in any field of the economist, nor in connection with the possible inflation and decline of the value of money.

But, by the use of a few of the statistics, largely taken from Government sources, we hope to be able to indicate a few of the prominent points as they occur to men engaged day by day in actual transactions.

In his letter of direction to you, the President has stated as follows:

> While the population of the nation has increased 26,000,000 since 1900, the production of the two leading cereals, corn and wheat, while tending to increase, have shown only a slight advance; and that of the meat production in the same period has shown an increase of only 3,500,000,000 lbs., a decrease of 29 lbs. per capita.

We regret that we do not have access to the source and details from which the President's summary is made. His statement, however, reveals clearly one of the causes for the increasing prices of meat products. We believe that a reference to some further figures may be of interest and will intensify the conclusion arrived at, and indicate still more the correctness of the President's view, to the effect that, from the standpoint of the consuming public it is highly essential and will be of benefit that an economic investigation of the foods and meats of the country be made.

In your investigation of the packing business you will find an intimate relation between the prices and movement of live stock and the quantity of the crops and the prices received by the farmer. We have just mentioned the untimely receipts of grass cattle from the Southwest. This, of course, is due to drought conditions there. We have also mentioned the problem of the feeder as to whether, with respect to the probable prices he can secure for his corn, he can afford to buy feeders at the present time in the hope of making a further profit. Of course, increasing costs and prices for grains and other feed, as well as of land and farm labor, are an active cause in forcing up prices for live stock. Equally, increased amounts paid by the packer for live stock become an active factor in increasing the prices which the packer should secure for the meats produced. The price depends, however, not only upon the supply, but upon the demand, and in these particular times the demand is so great, proportionate to the supply, that it becomes the predominating factor. The President calls attention to the decrease in the supply of meat

products figured to a per capita basis, *but demand is measured not so much on a per capita basis as by the spending power and consumptive necessities of the millions of consumers. At the present time with industry straining to its highest pitch, and with all labor employed in a maximum of production and of wages, the demand for meat and other food products is many fold greater than that indicated by a per capita basis.* We have not, of course, mentioned in this respect, war conditions, which in turn are a factor never previously to be reckoned with on such a scale. We believe that some conclusions can be derived from statistics of previous years which will still further demonstrate the reasons for high prices measured from the standpoint of the unprecedented demand.

The President's comparison seems to have been made with the year 1900. We do not know the source or the total of the figures of production of meat production in that year. The census of 1899 shows certain totals of production and from the abstract of Census of Manufactures of 1914, page 36, we have taken the following figures:

Statistics of meat packing.

[From Census of Manufactures (Abstract), 1914, page 36.]

Article.	1899	1904	1909	1914
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
Fresh beef	2,917,653,476	3,748,055,377	4,209,196,668	3,658,333,660
Fresh veal	84,548,128	154,212,652	232,997,078	194,698,880
Mutton and lamb	400,812,014	460,754,244	495,457,894	629,232,690
Fresh pork	1,222,007,411	1,224,932,910	1,547,494,184	1,877,099,071
Edible offal and other fresh meat	80,387,411	124,307,681	257,809,083	296,666,701
Beef pickled and other cured	137,588,503	136,896,697	126,477,662	91,571,753
Pork pickled and other cured	3,138,698,378	2,922,901,962	2,829,633,003	2,929,309,741
Canned goods	112,443,021	No figures.	121,376,837	160,798,955
Sausage, canned	No figures.	No figures.	No figures.	74,004,380
Sausage, all other	290,987,019	324,416,039	452,867,187	435,146,931
Lard	1,019,781,839	1,169,086,400	1,243,567,604	1,119,188,675
Total	9,404,909,200	10,275,563,972	11,546,877,200	11,476,051,397

It is usually estimated that the products above, prepared in manufacturing establishments, represent from 50% to 55% of the total of such products annually prepared.

In other words, local butchering and consumption by the original raisers or on farms is not included. And, of course, the great markets for the products of the manufacturing establishments are the cities and the export trade.

The President's conclusion as to the lessened supply per capita because of increased population will be intensified if, in connection with the foregoing table, we also show similarly the exports of meats and meat products for the same years, and in this respect it will be interesting to observe how the export of fresh meat practically entirely disappeared between the years 1899 and 1914, and how it has increased since the war, and also the trend of exports of hog products and their changes since the outbreak of the war; therefore, we have compiled the following table showing exports year by year:

Domestic meat and meat products exported.

[From Department of Commerce. Statistical Abstract of the United States, 1916, pages 442, 460, 461.]

Article.	1899	1906	1907	1908	1909	1910
	Pounds.	*Pounds*	*Pounds.*	*Pounds.*	*Pounds*	*Pounds.*
Beef, canned	38,385,472	64,523,359	15,809,826	23,376,447	14,895,527	14,804,396
Beef, fresh	282,139,974	268,054,227	281,651,502	201,154,105	122,952,671	75,729,666
Beef, pickled and other cured	49,144,189	81,287,581	63,698,568	47,896,097	44,789,063	36,871,313
Oleo oil [1]	142,390,492	209,658,075	195,337,176	212,541,157	179,985,246	126,091,675
Tallow	107,361,009	97,567,156	127,857,739	91,397,507	53,332,767	29,379,992
Hog products:						
Bacon	562,651,480	361,210,563	250,418,699	241,189,929	244,678,674	152,163,107
Hams and shoulders, cured	225,846,750	194,267,949	209,481,490	221,769,634	212,170,224	146,885,385
Lard	711,259,851	741,516,896	627,559,660	603,413,770	528,722,933	362,927,671
Pork, canned	41,310,364	12,099,800	2,710,369	4,957,022	5,759,930	4,062,022
Pork, fresh		13,444,438	11,467,779	16,374,468	9,555,315	1,049,278
Pork, pickled	137,197,200	41,820,720	166,427,409	149,505,937	52,354,980	40,031,599
Lard compounds and other substitutes for lard	22,144,717	67,621,310	80,148,881	75,183,210	75,183,196	74,556,603
Mutton		516,345	822,998	1,185,040	1,498,674	1,969,472
Sausage		7,926,798	8,000,973	8,367,495	8,538,058	5,072,255
Total	2,318,531,498	2,162,115,195	2,041,393,055	1,898,311,908	1,554,317,258	1,071,605,634
Cattle, number of head.	379,110	584,239	423,051	349,210	207,542	139,430

Article.	1911	1912	1913	1914	1915	1916
	Pounds.	*Pounds.*	*Pounds.*	*Pounds*	*Pounds*	*Pounds*
Beef, canned	10,824,504	11,026,431	6,840,318	3,464,733	75,243,261	50,886,765
Beef, fresh	42,510,731	15,264,320	7,362,388	6,394,404	170,440,934	231,214,009
Beef, pickled and other cured	40,283,749	38,087,907	25,856,919	23,365,974	31,874,743	38,114,682
Oleo oil [1]	138,096,906	126,467,124	91,849,757	97,017,065	80,481,946	102,645,914
Tallow	9,813,154	39,451,419	30,586,350	15,812,831	20,239,988	16,288,744
Hog products:						
Bacon	156,675,310	208,574,208	200,993,584	193,964,252	340,718,227	579,808,780
Hams and shoulders, cured	157,709,316	204,044,491	159,544,687	165,881,791	203,701,114	282,208,611
Lard	476,107,857	532,255,865	519,025,384	481,457,792	475,531,908	427,011,338
Neutral lard [2]	37,866,813	62,317,909	44,777,663	29,323,786	26,021,054	34,426,590
Pork canned	4,010,862	5,839,902	4,148,343	3,074,303	4,644,418	9,610,732
Pork, fresh	1,355,378	2,597,880	2,457,997	2,608,020	3,008,193	63,005,524
Pork, pickled	45,729,471	56,321,469	53,749,023	45,543,065	45,655,574	63,460,713
Lard compounds and other substitutes for lard	73,754,400	62,522,888	67,456,832	58,303,564	69,950,614	52,843,311
Mutton	2,160,259	3,595,543	6,286,019	4,685,496	3,877,413	5,552,918
Sausage	4,716,610	8,036,591				
Sausage, canned			1,117,400	1,446,582	1,821,958	6,823,045
Sausage, all other			6,693,918	4,562,983	5,183,525	8,500,236
Total	1,202,215,319	1,378,403,947	1,227,926,641	1,136,966,661	1,565,324,870	1,972,408,948
Cattle, number of head	150,100	105,506	24,714	18,376	5,484	21,287

[1] Prior to 1911, includes neutral lard

[2] Included under "Oleo oil" prior to 1911

It is plainly indicated from the above that in the year 1899 and for a number of years thereafter there was a surplus of beef and other fresh meat products which was marketed largely in Great Britain and on the Continent. As the demand in this country increased with the increase of our population, and after 1909, with marked decrease of fresh meat production, our exports naturally fell off and in or about the same period began the great development of the Argentine and Australian fresh and frozen meat industry, from which at the beginning of the war Great Britain in the largest amount and the

remainder of Europe largely drew its supplies. Confining ourselves to the totals only of the two preceding tables, we find that in 1899, out of a total production of 9,404,909,200 pounds, we exported 2,318,-831,498, and in addition to that 379,110 live cattle which (estimating 600 pounds of beef per carcass) makes in excess of 275,000,000 pounds of beef, whereas, in 1914 and including only the first few months after the outbreak of the war, out of the production of 11,476,051,397 pounds we exported a total of 1,136,966,661, with live cattle fallen off so that only 18,376 were exported. And it is well known that, due to the war, a large part of these sums were exported in the last few months of the year. It will be noticed that by 1914 the exports of fresh beef, amounting to 282,139, 974 pounds in 1899, had fallen off to 6,394,404 pounds.

With the beginning of the war there were some six months or more of general uncertainty and the reversal of all business calculations, causing tremendous confusion in all classes of trade, and in none more than in the live stock and meat packing, as to which for a part of the time the expectations of large war contracts stimulated prices which later were greatly reduced when export shipping conditions were interrupted. Then, toward the fall of 1915, when our own industries began to revive from the shock they had received and began to take on war order and export business, with this, and their other business, there began a domestic as well as foreign demand for our products in which as yet there seems to be nothing but a steady and enormous increase. Embargoes and quarantine caused by foot and mouth disease outbreaks further complicated this earlier period. In this respect considerable light can be thrown upon the proposition by an examination of the export figures shown in the preceding table for the years 1915 and 1916, as to which exports of fresh beef advanced from 6,394,404 pounds in 1914 to 170,440,934 and 231,214,000 in 1915 and 1916, respectively; and of bacon from 193,-964,252 to 346,718,227 and 579,808,786, respectively. We take up space only to point out one or two items, but they are so pronounced as to indicate without further explanation their enormous effect upon prices.

Also, as regards domestic demand still further light is thrown upon its increase when we see the following figures respecting the residence of our population in 1900 and 1910, and try to estimate its location at the present time as regards urban and rural:

	June 1, 1900.	April 15, 1910.	Increase.	
			Amount.	Per cent.
Urban population	31,609,645	42,623,383	11,013,738	34.8
Rural population	44,384,930	49,348,883	4,963,953	11

Of course any increase in urban population is an indication of a largely increased demand for food products and almost equally an indication of decreased production of agricultural products at least relatively. We also know that due to the stimulation of industries, particularly in the large manufacturing sections of the

nortneastern part of the country there has been since 1910 and 1914 an extraordinary increase in the urban population, the employment of labor, and the amount of wages labor is receiving and spending for food and other commodities.

Without dealing in further statistics at this time, it is sufficient to say that market receipts of live stock at the time and during this pronounced increase in consumptive demand have in some cases actually appreciably fallen off from prior years and in other cases barely maintain prior years' bases. General conditions are shown by a live stock census for thirty-eight years taken from the Price Current-Grain Reporter Year Book, a well recognized trade statistical authority:

Live stock for thirty-eight years.

[The United States Department of Agriculture's estimates of live stock population of the country on January 1, for thirty-eight years, are given below. Although somewhat inaccurate for the earlier years, the figures are the only record extant of the live stock population up to comparatively recent years and as such are worth preserving.]

Years.	Cattle.	Hogs.	Sheep.	Years.	Cattle.	Hogs.	Sheep.
1917	63,587,000	67,453,000	48,483,000	1897	46,450,135	40,600,276	36,818,643
1916	61,920,000	67,766,000	48,625,000	1896	48,222,995	42,842,759	38,298,783
1915	58,329,000	64,618,000	49,956,000	1895	50,868,845	44,165,716	42,294,064
1914	56,592,000	58,933,000	49,719,000	1894	53,095,568	45,206,498	45,048,017
1913	56,527,000	61,178,000	51,482,000	1893	52,378,283	46,094,807	47,273,553
1912	57,959,000	65,410,000	52,362,000	1892	54,067,590	52,398,019	44,938,365
1911	61,225,800	58,000,000	51,809,000	1891	52,895,239	50,625,106	43,431,136
1910	69,080,000	47,782,000	57,216,000	1890	52,801,907	51,602,780	44,336,072
1909	71,099,000	54,147,000	56,084,000	1889	50,331,042	50,301,592	42,599,079
1908	71,267,000	56,084,000	54,631,000	1888	49,234,777	44,346,525	43,544,755
1907	72,533,996	54,794,439	53,240,820	1887	48,033,833	44,612,836	44,759,314
1906	66,861,522	52,102,847	50,631,619	1886	45,510,630	46,092,043	48,322,331
1905	61,241,907	47,320,511	45,170,423	1885	43,771,295	45,142,657	50,360,243
1904	61,049,315	47,009,367	51,630,144	1884	42,547,307	44,200,893	50,626,626
1903	61,764,433	46,922,624	63,964,876	1883	41,171,765	43,270,086	49,237,291
1902	61,424,589	48,698,890	62,039,091	1882	35,891,870	44,122,200	45,016,224
1901	67,804,022	62,876,105	61,605,811	1881	33,306,385	36,247,603	43,570,899
1900	43,902,414	45,000,000	41,883,000	1880	33,258,000	34,034,100	40,765,900
1899	43,984,340	38,651,631	39,114,453	1879	33,234,500	34,766,200	38,123,800
1898	45,105,083	39,759,993	37,656,960				

The above represents the total live stock in the country, of the classes named. It does not include dairy cows, for example. Neither does it show receipts of live stock at the markets for purposes of sale for slaughter or feeding. It represents our live stock *capital*, so to speak.

An immediate study should be made to determine the present supply of beef cattle and other meat producing animals; the consumptive demand for fresh and other meat products; and to then determine with greater accuracy how much we can and should be preparing and distributing, having regard to the preservation (or increase—or decrease, if necessary) of our capital fund.

The increasing trend of prices for all live stock has been steadily upward since 1899, subject, of course, to temporary conditions in between-time periods due to legitimate factors and market conditions. The following table indicates this clearly:

Yearly average prices at Chicago of native beef steers, fat cows and heifers, hogs, sheep and lambs, per 100 lbs., as stated by Drovers' Journal.

YEARLY AVERAGES.

	Steers.	Cows	Hogs.	Sheep.	Lambs.
1916	$9.50	$6.75	$9.60	$7.85	$10.75
1915	8.40	6.10	7.10	6.30	9.00
1914	8.65	6.55	8.30	5.55	8.00
1913	8.25	6.10	8.35	5.20	7.70
1912	7.75	5.25	7.55	4.40	7.20
1911	6.40	4.35	6.70	3.95	5.95
1910	6.80	4.60	8.90	5.25	7.55
1909	6.35	4.25	7.35	5.00	7.40
1908	6.10	4.10	5.70	4.65	6.35
1907	5.80	3.85	6.10	5.25	7.05
1906	5.30	3.70	6.25	5.20	6.85
1905	5.05	3.65	5.25	5.00	6.80
1904	4.95	3.55	5.15	4.25	4.60
1903	4.80	3.95	6.00	4.00	5.45

It will be noted that the above table shows "average prices." Of course, the actual prices paid range higher and lower at different times in the year than the prices shown.

Constantly you will find a close paralleling between the prices paid for live stock and the meats produced therefrom. And in this connection it is to be borne in mind, especially as regards beef, that the weight of the carcass of beef is far less than that of the animal on the hoof—in round numbers there being a shrinkage of 40%. However, the loss in value due to this shrinkage is all so nearly absorbed from the utilization of and the value received from the hides and other offal that the wholesale price of a beef carcass can usually be calculated at somewhere approximating 25%–40% over the cost of the animal on the hoof. In other words, the beef from an 8c. steer will usually be found selling around 10c. 11¼c.

We feel sure that the results of your investigation will be to demonstrate that the net profit to the packer for the handling of fresh meat varies between ⅛c. and ½c. per pound, or even under the most favorable circumstances such a small item as not to be appreciable in the price which the consumer is required to pay. Furthermore it will be observed that as regards percentage of profit on his investment in the cost of the animal a realization of ½c. per pound by the packer on an animal costing 14c. per pound on the hoof is practically commensurate with ¼c. per pound on an animal costing 7c. per pound. In this connection one of the great difficulties in the business at the present time is the enormous increase in capital necessary to carry on a business of a similar tonnage, with the costs of live stock running to such unprecedented levels as they now are and have been since shortly after the outbreak of the war.

During your investigation you will find and verify our transactions and the prices shown which we have charged to our retail butcher customers for the various meats sold by us. During the past year the range of prices of carcasses will be found to be from 9c. to 18c. per lb. Our average receipts during the past year at our different

branch houses per week from all beef sold have ranged between $15.88 per cwt. for the high week to $10.15 per cwt. for the low. Of course, when carcasses are specially cut and the choicer portions sold the prices will be found to be higher than those stated, but they will not be out of line with these figures.

Furthermore it will be found that out of the money actually taken in by us from the sale of all products derived from animals, including meats as well as hides and other offal, the cost of the animals on the hoof to us (being the money actually paid to the commission men selling these animals, the bulk of which will have gone to the farmer) will amount to close to 80c. out of each dollar that we have derived from the sale of these goods. From the annual report of our president covering the last fiscal year of this company we quote as follows:

Wages have been increased to the extent of practically $750,000 per year. All raw materials and other manufacturing costs have also largely increased. The gross sales of the company amounted in round numbers of $134,000,000, which are the largest it has ever made. Of this amount something in excess of $24,000,000 have been received from products not derived from the animals bought and slaughtered. Among such outside products are butter, eggs, cheese, cottonseed oil products, such as compound and soaps, cleanser, glycerine, etc. The profits from these outside items have been most satisfactory.

* * * * * * *

During the past year we paid $87,500,000 for the live stock slaughtered.

* * * * * * *

If we had been allowed arbitrarily as profits the sum of $1.50 per head on all cattle slaughtered during the year, and 75c. per head on all hogs and calves slaughtered, and 50c per head on all sheep, the sum total would be as great as the total profit which the company has made in its entire operations during the year, not only from the animals slaughtered, but also from all by-products and all the outside lines handled not derived from animals.

* * * * * * *

During the past year in its sale of meats and other products derived from animals the profits from fresh meat have been on an average something less than ½c. per pound.

Most of the time we do not realize that in the marketing of fresh meat it is quite impossible to make any very extensive profit. With the exception of a relatively small amount, which is all that can be stored for more advantageous marketing, practically all fresh meat must be sold at the point to which it is shipped for distribution, and subject to whatever market condition may govern at the time. It can not be held to await a more favorable market. On the contrary, the cured meats and other animal products are in many cases distributed under our well known and well established trade brands, and for that reason can be marketed to better advantage than fresh meats. Furthermore, these products, especially in the case of provisions, are staples, and may be held for sale under favorable conditions, as reflected in the quotations of the various markets. There is a demand for hides, cured meats, etc., from all parts of the world, which gives us many channels for distribution, and this enables us to select the most favorable time and place for their disposition.

In our operations, therefore, the favorable showing made is due to a very great extent to our production and trade in other products than fresh meat.

During the year the average cost to the company of all cattle bought was $7.12 per cwt. including all grades—the highest price paid was $11.75. The

e animals of a beef grade cost above this average price. The average
ved for fresh beef from all sales made by the company at its branches
amounted to $9.66 per cwt. for the low week of the year and $14.13
gh week of the year. Out of the difference between these selling
ıs sales of by-products) and the cost prices of the animals the com-
absorb in excess of 40 per cent shrinkage in weight after slaughter,
ıcturing expenses, as well as overhead and miscellaneous costs, such
and insurance, and out of the remainder must derive its profit.
terestlng to observe that, while the figures in dollars representing
s from all products derived from animals are probably larger than
e, the tonnage has not greatly increased. Practically all of the in-
dollars has been paid to the farmer and live stock producer in the
ave paid for the animals handled.
the packers are practically the collection agents of the farmer. Out
lollar taken in from the sale of all products *derived from animals*
ts have gone to the farmer. Out of the remaining twenty cents of
r seven cents have been paid to the wage earner, five cents for
ıd four cents for other materials needed in manufacturing and in the
n of the goods for sale, as for instance, salt used in curing, boxes,
ı cans, etc. Out of the remaining four cents there have been paid in-
es, insurance, repairs and all such items, and of the residue not quite
per dollar applies to the net profits of the company.

the prices which the retail butchers charge their customers
no very great actual knowledge, but, of course, we realize and
ıt a butcher buying a carcass from us at 12c. per pound must,
sposition of the cuts from the carcass, charge prices which
doubt from 40c. per pound possibly down to as little as 5c.
d. We have no reason to believe that the total increment re-
r the butcher over what he pays to us, even though some of
s be sold at a price as high as stated above, would produce
asonable profit for the butcher, who out of such increment
ay the expenses for rent, meat cutters' wages, delivery,
, taxes, and other expenses in connection with his busi-
say nothing of shrinkage losses or deteriorated goods, bad
.

ı this field of endeavoring to trace just exactly who receives
ımer's dollar and in what proportion it is retained as profit
out for costs and expenses that we think the text is found
resent investigation by the Commission.
ırse another very material factor in the increased price is
wing out of the increased costs of doing business, which on
alleled scale have developed since the middle of 1915. The
ıre not only manufacturers and distributors of meat, but they
es are, on a large scale, consumers. There has been a great
of labor and a constant increase in the scale of wages paid.
t, boxes, tin, paper, and all the manifold items involving a
ense of millions of dollars per year have been the subject of
l prices to the packer, except where he may have been so
e as to be temporarily protected by some term contract pre-
he former level. As an item of general interest we quote the
g list showing a comparison of prices paid by this company
ous supplies, which, as stated above, are annually purchased,
the extent of millions of dollars:

	Normal prices.	War prices.
Coal (we use 1,000 tons per day):		
1¼-inch Kansas slack	$1.35 per ton, f. o. b. mines.	$2.50 per ton, f. o. b. mines
Illinois slack	$1 per ton, f. o. b. mines	$3 per ton, f. o. b. mines.
Tin plate (use 150M base boxes per year)	$2.90 base box, f. o. b. Pittsburg.	$7.50 base box, f. o. b. Pittsburg.
Solder	16 cents per lb	36½ cents per lb.
Black sheets, for tanks	$1.95 per cwt	$10 per cwt.
2-inch pipe	$9.92 per 100′	$21.16 per 100′.
Nails	$2 per cwt	$5 per cwt.
Car material:		
Cast steel body and truck bolsters for refrigerator cars.	3 cents per lb	15 cents per lb.
Steel center sills	$26 each	$100 each.
Car springs	$1.70 per cwt	$5.75 per cwt.
Car couplers	$17 per pair	$45 per pair.
Malleable iron car castings	2½ cents per lb	8 cents per lb.
Cotton goods:		
40-inch 7-ounce burlap	3 cents per yd	10½ cents per yd.
100-pound burlap bags	$55 per M	$137 per M.
32-inch beef cotton	3¾ cents per yd	8 cents per yd.
36-inch regular cotton sheeting	3¾ cents per yd	9 cents per yd.
40-pound No. 4 cotton duck	31½ cents per yd	$1.02 per yd.
Boxes, K. D. shooks	$20 per M ft	$38 per M ft.
Oak lard tierces	$1.10 per M	$1.90 per M.
Grocery supplies:		
Black pepper	11 cents per lb	23 cents per lb.
Coriander seed	5 cents per lb	25½ cents per lb.
Syrup	20½ cents gal	63 cents gal.
Granulated sugar	5 cents per lb	9 cents per lb.
Raw sugar	3 cents per lb	6½ cents per lb.
Paper and twine:		
Rag ham paper	$1.10 per cwt	$3.50 per cwt.
Butchers fibre paper	$1.95 per cwt	$6.50 per cwt.
No. 2 glassine paper for wrapping hams	7 cents per lb	16½ cents lb.
White greaseproof for wrapping	6½ cents per lb	13 cents lb.
3-ply flax sail twine	32 cents per lb	80 cents lb.
3-ply India hemp ham rope	6½ cents per lb	12½ cents lb.
Chemicals for soap, etc.:		
Soda ash	72½ cents per cwt	$2.26 per cwt.
Nitrate of soda	2¼ cents per lb	5 cents per lb.

Figures on all building over normal, 55 per cent.
We buy about 1,300 items altogether in the different departments of our plant, all of which show an increase from 100 to 800 per cent.

The Commission asks to what extent the present high prices are justified. We must say that so far as our observation goes we know of no instance where it can be said that considering the enormous demand and the relative shortage in supplies the present prices of meats and meat food products are unreasonably high. We are certain that, so far as the price may be affected by the profit which our company can possibly make, this is negligible. We state our conviction in this respect based upon the following calculation. We know that the most satisfactory portion of our business and that from which the greatest proportion of our profits is derived is that from our by-products, largely the inedible items. Our total tonnage outturn is approximately 1,000,000,000 lbs. If we average 1c. per pound net profit through the line we would realize some $10,000,000. Our earnings for 1916, a very satisfactory year, were about one-third of this sum. And with products selling on a basis wholesale of some 10c. to 20c. per pound we do not believe that the public buying from the retailer or other distributor will be appreciably affected by whatever fraction we might or do make from ¼c. up to 1c. We know the latter is an impossible average, even at the present time, because our fresh meats are the least profitable branch of our business.

Neither do we criticize the prices which the live-stock producer and farmer are receiving for the animals which we buy; they, like

selves, are consumers as well as sellers, and their costs of produc- and of feeding as well as many other items have undoubtedly materially increased, thus absorbing a considerable portion of increase in price which they are receiving for the live stock. But, course, from the standpoint of the public and as measured by the e which the public pays for meats, when it is stated that out of dollar received by us from the sales of all products derived n animals 80c. has been paid in cash on the day of purchase by packer, it is readily apparent that the cost of the live stock is of the most material factors in the high price of meats. We pay for the animals, and in the course of preparation and cure, and due ur sales being largely made on credit—it is in many cases six ths before our complete returns are in.

urthermore we should imagine that an investigation will dis- e that on the retail distribution side the factor of automobile other expensive delivery, together with the public demand for ntieth Century upkeep and sanitary surroundings, telephones, and degree of service, will be found the second greatest factor in the prices of meats.

2. The meat packer stands between the producer of meat animals on the one hand, and the retail distributor of their products on the other. In what respect, if any, does either of these three agencies, in your opinion, fail to perform its proper function in serving the ultimate consumer?.

'e have endeavored in what we have previously set down in our ussions of questions 1 and 4 to indicate our belief (1) that so far he packer is concerned his services are now rendered on a very e scale at such a minimum of profit as between the cost of the stock and the price he derives for its meat and other products this charge, which includes the packer's profit, is so small as tically to be negligible in the price which the consumer pays; (2) that far from criticizing either the live-stock producer and er and the retailer for their portion of the proceeds paid by the nate consumer, we, from the general understanding we now , would figure that the high prices the consumer now pays are result of causes beyond the control of any factor in the trade and due, aside from the war conditions and the law of supply and and, to such difficulties in the present system of raising and keting live stock and their products as can only be remedied by er cooperation and improved methods tending toward opera- s on a larger scale. *The only possible way for the prices of meats he consumer to be materially reduced would be for the Food troller under the new law to order the packers not to pay the ent high prices for live stock. Of course we doubt the advisa- y of such a radical measure.* In this connection we call your ntion to a recent article by S. W. Doty, assistant in the market- of live stock and meat, U. S. Department of Agriculture, in h he discusses generally conditions of live stock and its market- and shows clearly the benefit to the farmer in increased prices aving access to central markets and large packers as distin- hed from being subject to the low prices paid by local butchers

and small local dealers or buyers. The article contains a number of very interesting statements and suggestions.

3. In your opinion is the present vast system of conducting the meat business from the raising of the animals on the range and farm through all the steps to the table of the consumer the result of the operation of healthy, natural laws, or is it in part the result of efforts, either conscious or unconscious, to interfere with the operation of such laws?

The present system, such as it is, is one which has come about during the evolution of business conditions marking the growth of the United States, and its transition from an agricultural community to a highly industrialized nation. The growth and development has not been orderly, and it has not been possible to arrive at a preconceived plan in accordance with which the industry should ultimately develop. In the midst of its progress forward there have been numerous cross currents which have retarded and confused ideal development. In the main we believe that the present system is the result of unimpeded natural laws, but the development has been changed and modified in some respects, which we desire to indicate:

1. Since its passage, and subsequently in its operation, the act of June 30, 1906, covering the inspection of meats, etc., has had a marked effect not only in improving the conditions under which meats are prepared and the quality and wholesomeness thereof, but has largely standardized the methods of operation. That has stabilized competitive conditions, but has also had a very considerable part in increasing the cost of operation and, therefore, the prices which the packer should receive.

2. While U. S. inspection is regarded universally as of tremendous benefit and necessity, it is nevertheless to be noted with regret that it exposes the larger packers to a very severe species of unfair competition. In other words, their costly U. S. inspected products have to meet in the markets, particularly in the larger cities, the products of uninspected packers, which at the best can safely be said to be prepared under conditions not nearly so hygienic or so costly.

3. As indicating certain of the extra costs and some of the factors involved in the matter of cost of operation and profit we wish to cite a list of subjects covered and discussed in a recent meeting of a special committee of the American Meat Packers' Association appointed by invitation of the Department of Agriculture, and a committee representing the Meat Inspection Division of the Bureau of Animal Industry. The general subject of the meeting was the necessity for the conservation of meat food products and the elimination of waste:

Among the subjects discussed were the following: Uniformity in construing regulations; waste on hog heads, livers, hearts, also scrap, various fats, sausage ends, beef heads, ruffles, canning, canning leakers, unnecessary feeding in stockyards, scalded hogs, shop fat, excessive trimming, slow railroad transportation, killing of young stock, killing of female stock, label expense, cost of construction changes, sterilized products, carelessness of packing-house employees in handling product, unnecessary making of inedible product from edible material, wastefulness of packers' trimmers, causes for condemnations on reinspection, oleo stearin, proper packing-house equipment to save valuable product from losses, etc.

We venture the assertion that each of the items mentioned involves thousands of dollars annually, either in the way of economy in doing business or in the saving of what would otherwise be a loss—and this too without in anywise impairing the integrity of the inspection service.

4. We wish to point out another detail where there has been what appears to us an arbitrary interference with a natural economic law. This grows out of the situation respecting the discrimination imposed by the carriers in the territory east of the Mississippi River upon the transportation of fresh meat and in favor of live stock:

It is a well-recognized fact that live stock cannot be transported without shrinkage. This has been amply demonstrated by investigations made through the Department of Agriculture, notably United States Department of Agriculture Bulletin No. 25. The longer the haul, the greater the food loss.

In recognition of the need for conservation, by reducing the shrink, extensive packing plants have been located on and west of the Missouri River, so that the live stock supply from the great corn belt may be marketed with the least amount of transportation, but the full benefits which should accrue to the live stock producer, and to the public, by the operation of the economic principal involved, has been lost to an appreciable degree by an adjustment of freight rates, which transports the live animal at a substantially less charge than the product. The effect of this has been to force the movement of the animal out of its natural channel, and to distant markets, resulting in a loss of meat food and waste of transportation.

Approximately 70 per cent of the cattle, 51 per cent of the hogs, and 71 per cent of the sheep of the United States are *raised* west of the Mississippi River. About 53 per cent of the cattle, 58 per cent of the hogs, and 70 per cent of the sheep produced in the United States are *slaughtered* in the territory east of the Mississippi River. Practically 85 per cent of the fresh meats produced at plants on the Missouri River are *marketed* in the territory east of the Illinois-Indiana State line. The investigation of the Department of Agriculture shows that the greatest shrinkage occurs within the first twenty-four hours of transportation, but there is a continued and constant shrinkage for every hour that live stock is in transportation. During this time of such urgent need, it seems that there is every opportunity for a material saving to be effected in this respect.

This does not consider the waste of transportation that results from the movement of live animals versus the manufactured product. A glimpse at that feature shows the following:

To move 100 cars of cattle means the transportation of approximately nine and a half million pounds of weight. To handle the product in the same manner requires but sixty cars, and the handling of a total of 7,984,520 pounds of weight. The waste of transportation amounts to 1,515,480 pounds, for which the public ultimately pays.

In conclusion we simply wish your Commission to know and to understand that our company has no plant in Chicago and that our operations are entirely on the Missouri River or west thereof, where we located our plants originally, believing that nearest access to our live stock material was of the greatest advantage to us in their location. The situation respecting railroad rates which we point out

previously has been an enormous practical handicap to us. That matter as the result of our efforts through a number of years last past, is now one of those which is about to be the subject of investigation by the Interstate Commerce Commission.

We have tried in the preceding to point out to you a considerable number of what appear to us to be the most practical points in which you will be interested in your investigation. Many other points could be suggested, but our memorandum is even now unduly long. We appreciate the opportunity given us to make this statement. During the course of the investigation we will be prepared to furnish you with any information which we possess which will be of assistance to you, and we hope that as the result of this investigation your report may be so prepared and carry such weight as to satisfy the public as to the facts respecting the causes for high prices, and that particularly as regards there being any violations of law having this result, such a conclusion is entirely unwarranted.

Respectfully submitted on behalf of

THE CUDAHY PACKING CO.,
E. A. CUDAHY, *President.*

[The list furnished by the Cudahy Packing Co. (see p. 436) is here printed.—FEDERAL TRADE COMMISSION.]

Geographical analysis, by States, of U. S. Department of Agriculture B. A. I. meat inspection slaugthering establishments.

[Rearranged from table beginning page 42, Directory of B. A. I., Oct. 1, 1916.]

No. of establishments.	State.	B. A. I. Station.	Substation.	Name under which establishment is operated.
2	Alabama	Andalusia		Andalusia Pack. Co.
		Birmingham		Birmingham Pack. Co.
1	Arizona	Bisbee		E. A. Tovrea & Co. (Inc.).
	Arkansas			
7	California	Los Angeles (4)		The Cudahy Pack. Co.
		Do		Hauser Pack. Co.
		Do	Pomona	San Antonio Meat Co.
		Do		Wilson & Co. (Inc.).
		San Diego (1)		Chas. S. Hardy.
		San Francisco (2)	Arcata	J. C. Bull, jr., Co.
		Do		Western Meat Co.
4	Colorado	Denver (3)		Armour & Co.
		Do		Cap. Meat & L. Stock Co.
		Do		Swift & Co.
		Pueblo		The Nuckolls Pack. Co.
1	Connecticut	New Haven		The Sperry & Barnes Co.
2	Delaware	Wilmington		The Hart & Bro. Co.
		Do		Wilmington Abattoir & Cold Strg. Co.
2	District of Columbia	Washington	Benning	Washington Abattoir Co.
		Do	Rosslyn, Va	Rosslyn Pack. Co.
	Florida			
2	Georgia	Augusta (2)		Augusta Abattoir.
		Do	Moultrie	Moultrie Pack. Co.
2	Idaho	Boise		Boise Butcher Co. (Ltd.).
		Moscow		Hagan & Cushing Co.
29	Illinois	Alton		Luer Bros. Pack. & Ice.
		Chicago (18)		John Agar Co.
		Do		Armour & Co.
		Do		Boyd, Lunham & Co.
		Do		Brennan Pack. Co.
		Do		Chicago Pack. Co.
		Do		Independent Pack. Co.
		Do		Libby, McNeill & Libby.
		Do		Miller & Hart.
		Do		Morris & Co.

Geographical analysis, by States, of U. S. Department of Agriculture B. A. I. meat inspection slaughtering establishments—Continued.

No. of establishments.	State.	B. A. I. Station.	Substation.	Name under which establishment is operated.
29	Illinois—Continued.	Chicago		Louis Pfaelzer & Sons.
		Do		Roberts & Oake.
		Do	Zion City	Charles F. Sabine.
		Do		Siegel-Hechinger Pack.
		Do		Wilson & Co. (Inc.).
		Do		Swift & Co.
		Do		Western Pack. Co.—2.
		Do		Western Pack. & Prov.
		Jacksonville		Jacksonville Pack. Co.
		National Stock Yards (7)	E. St. Louis	Armour & Co.
		Do		East Side Pack. Co.
		Do	Granite City	Farmers Serum Co.
		Do		Morris & Co.
		Do	White Hall	Gregory Farm Laboratory.
		Do		Swift & Co.
		Do		The Universal Serum Co.
		Peoria		E. Godel & Sons.
		Do		Wilson Prov. Co.
12	Indiana	Evansville		The Evansville Pack. Co.
		Fort Wayne		Fred Eckart Pack. Co.
		Indianapolis (5)		Brown Brothers.
		Do		Indianapolis Abbattoir.
		Do		Kingan & Co. (Ltd.—2).
		Do		Wabash Packing Co.
		Lafayette		Dryfus Packing Co.
		Logansport		W. C. Routh & Co.
		Madison		The Pearl Pack. House.
		Richmond		Anton Stolle & Son Pack.
		Terre Haute		Home Pack. & Ice Co.
10	Iowa	Davenport		Kohrs Pack. Co.
		Cedar Rapids		T. M. Sinclair & Co. (Ltd.)
		Dubuque		Dubuque Pack. Co.
		Mason City		Jacob E. Decker & Sons.
		Ottumwa		John Morrell & Co.
		Sioux City (4)		Armour & Co.
		Do		The Cudahy Pack. Co.
		Do		R. Hurni Pack. Co.
		Do		Statter & Co.
		Waterloo		Rath Packing Co.
21	Kansas	Arkansas City		Henneberry & Co.
		Kansas City (16)		Armour & Co.
		Do		Joseph Baum.
		Do		Cochrane Packing Co.
		Do		The Cudahy Packing Co.
		Do		B. A. Jackson & Co.
		Do		George Kaiser.
		Do		Missouri Valley Pack.
		Do		Morris & Co.
		Do	Olathe	Olathe Pack. Co.
		Do		Royal Pack. Co.
		Do		The Sihler Hog Cholera Serum Co.
		Do		The Standard Serum Co.
		Do		Stock Yds. Pack. Co.
		Do		Wilson & Co. (Inc.).
		Do		Swift & Co.
		Do		The Termler Pack. Co.
		Topeka		Charles Wolff Pack. Co.
		Wichita (2)		Cudahy Packing Co.
		Do		Jacob Dold Pack. Co.
		Pittsburg		The Hull & Dillon Pack. Co.
4	Kentucky	Louisville (4)		Armour & Co.
		Do		Louis P. Bornwasser Co.
		Do		Louisville Prov. Co.
		Do		C. F. Vissman & Co.
2	Louisiana	New Orleans (2)	Arabi	Crescent City Stock Yds. & Slaughter House.
		Do	Baton Rouge	Baton Rouge Abattoir.
3	Maine	Auburn		E. W. Penley.
		Calais	Houlton	Houlton Dressed Meat Co.
		Portland		The Portland Abattoir.
11	Maryland	Baltimore (11)		Corkran Hill & Co.
		Do		John A. Gebelein.
		Do		Greenwald Pack. Co.
		Do		K. Heinold & Co.
		Do		C. Hohman & Sons.
		Do		Jones & Lamb Co.

Geographical analysis, by States, of U. S. Department of Agriculture B. A. I meat inspection slaughtering establishments—**Continued.**

No. of establishments.	State.	B. A. I Station	Substation.	Name under which establishment is operated.
11	Maryland—Contd.	Baltimore		Kaufman Beef Co. (Inc
		Do		Chas. G. Kriel.
		Do	Highlandtown	Thomas J Krudle.
		Do		D. B. Martin Co.
		Do	Highlandtown	Wm. Schluderberg & Son
21	Massachusetts	Boston (17)	Belmont	Belmont Farm Prod. Co
		Do	Brighton	Brighton Dressed Meat Co
		Do	do	Nathen Cohen.
		Do	do	Moses Goldberg.
		Do	do	S S Learnard Co.
		Do	do	M. Mindick.
		Do	do	I. Paresky.
		Do	do	J & D M. White.
		Do	Cambridge	J. P. Squire & Co.
		Do	Somerville	Walter Gordon & Co
		Do	do	New Eng. Dressed Meat
		Do	do	Nor Pack & Prov Co
		Do	do	Sturtevant & Haley Beef Supply Co
		Do	Southboro	Deerfoot Farm Co.
		Do	Woburn	Michael Lux.
		Haverhill	West Newbury	Geo. G. Carr.
		Do		C A. Davis.
		Do		Haverhill Abattoir Co.
		Springfield		Springfield Prov. Co.
		Do	Chicopee	Springfield Rendering C
		Worcester		White, Pevey & Dexter C
5	Michigan	Detroit		Hammond, Standish & C
		Do		Nagle Pack Co.
		Do		Parker, Webb & Co
		Do		Sullivan Pack Co
		Menominee		Twin City Packing Co
	Minnesota	Albert Lea		Wilson & Co (Inc
		Austin		Geo. A Hormel & Co.
		Duluth		Elliott & Co.
		Faribault		Chase Packing House
		Fergus Falls		Fergus Packing Co
		So. St. Paul	St. Paul	J T McMillan Co.
		Do		Swift & Co.
		Winona		Interstate Pack. Co
[illegible]	Mississippi	Natchez		Wilson & Co (Inc)
		Do		Natchez Dressed Beef
13	Missouri	So. St. Joseph (5)	St Joseph	Freund Pack & Man. C
		Do		Armour & Co.
		Do		Morris & Co.
		Do		St Jos Live Stock
		Do		Swift & Co.
		St. Louis (8)		J H Belz Prov Co
		Do		Carondelet Pack Co
		Do		Frese Pack Co.
		Do		Heil Pack. Co
		Do		Krey Packing Co
		Do		St Louis Ind Pack.
		Do		Sartorius Prov. Co
		Do		Swift & Co.
	Montana			
5	Nebraska	Nebraska City		Morton-Gregson C
		Omaha (4)		Armour & Co
		Do		The Cudahy Pack Co
		Do		Morris & Co.
		Do		Swift & Co.
	Nevada	Reno		Nevada Pack Co.
1	New Hampshire	Bellows Falls, Vt	Keene, N H	Cheshire Farm
10	New Jersey	Jersey City (3)		Jersey City Stock Yds.
		Do	North Bergen	Charles Miller & Co.
		Do		Nagle Packing Co.
		Newark (5)		John Engelhorn
		Do		A. Fink & Sons (Inc).
		Do		Schl[illegible] H[illegible] & Schloss.
		Do	Kearney	Swift & Co
		Do	do	Bimbler Co
		Paterson		D Fullerton & Co
		Do		The Henry Muhs Co
	New Mexico			
31	New York	Albany		Louis Newhoff
		Brooklyn (6)		A. Aron
		Do		C. Lehman
		Do		Aaron Levy & Co

[G]eographical analysis, by States, of U. S. Department of Agriculture B. A. I. meat inspection slaughtering establishments—Continued.

[N]o. of [es]tab-[li]sh-[me]nts.	State.	B. A. I. Station	Substation.	Name under which establishment is operated.
31	New York—Contd.	Brooklyn		M. & D. Levy.
		Do.		Weill & Isaacs.
		Do.		Chieffetz & Greenber
		Buffalo (7)		The Danahy Pack. Co.
		Do.		Jacob Doll Pack. Co.
		Do.		L. P. Fuhrmann
		Do.		Klinck Bros
		Do.		C. Klinck Pack. Co
		Do.		New Eng. Dressed Meat & Wool Co
		Do.		Joseph Sahlan
		Paterson, N. J.	Chester, N. Y.	Frank J. Murray Co. (Inc.)
		New York (16)		Armour & Co.
		Do.		M. Crane Co
		Do.		Figge & Hutwelker Co.
		Do.		Moe Frank.
		Do.		Thos. Halligan
		Do.		J. J. Harrington & Co.
		Do.		Manhattan City Dressed Beef Co.
		Do.		New York Veal & Mutton.
		Do.		Samuel Plant
		Do.		Rhoe & Bros.
		Do.		J. M. & P. Scanlan
		Do.		Joseph Stern & Son (Inc.)
		Do.		Strauss & Adler.
		Do.		Wilson & Co.
		Do.		Swift & Co.
		Do.		United Dressed Beef Co.
	North Carolina			
	North Dakota			
45	Ohio	Cincinnati (33)		Jacob Bauer's Sons
		Do.		Butchers Pack. Co. of Cin
		Do.		The Cincinnati Abattoir.
		Do.		G. Erhardt & Sons.
		Do.		Chas. A. Freund
		Do.		Ernest Freund.
		Do.		S. W. Gall
		Do.		Ehrhardt Haehnle.
		Do.		John Hilberg.
		Do.		John Hoffmann Pack. Co.
		Do.		John Hoffmann Sons Co.
		Do.		John Jockers.
		Do.		Gustav Juengling
		Do.		E. Kahn's Sons Co.
		Do.		Kroger Groc. & Bak. Co
		Do.		Michael Kuhn jr.
		Do.		A. Lowenstein's Sons Co
		Do.		The Lohrey Packing Co
		Do.		H. H. Meyer Pack. Co.
		Do.		Henry Meyer's Sons
		Do.		Peter Mode.
		Do.		Mohawk Beef Co.
		Do.		Chas. Pancero
		Do.		Daniel Poggendick.
		Do.		W. G. Rehn.
		Do.		Rehn Bros
		Do.		Geo. Rupp Pack. Co.
		Do.		A. Sander Pack. Co.
		Do.		Jacob Schlachter's Sons
		Do.		J. & F. Schroth Pack. Co
		Do.		Swift & Co
		Do.		Jacob Vogel & Son
		Do.		Geo. Zehler Prov. Co.
		Cleveland (6)		Blumenstock & Reid Co
		Do.		Cleveland Prov. Co.
		Do.		Lake Erie Prov. Co.
		Do.		Ohio Prov. Co.
		Do.		Swift & Co.
		Do.		Theurer Norton Prov
		Columbus		Columbus Pack. Co.
		Dayton (3)		Henry Burkhardt Pack
		Do.		Wm. Focke's Sons Co.
		Do.		Chas. Sucher Pack. Co.
		Toledo		Jacob Folger
		Do.		Zehner Bros. Pack. Co.
3	Oklahoma	Oklahoma City (3)		Okla. Stock Yds. Serum Co
		Do.		Morris & Co
		Do.		Wilson & Co.

Geographical analysis, by States, of U. S. Department of Agriculture B. A. I. meat inspection slaughtering establishments—**Continued.**

No. of establishments	State.	B. A. I. Station.	Substation.	Name under which establishment is operated.
1	Oregon	No. Portland	Portland	Swift & Co.
23	Pennsylvania	Allentown		Abrogast & Bastian Co.
		Hallstead		Wms. Live Stock Co.
		Harrisburg		Swift & Co.
		Philadelphia (18)		John Bower Co.
		Do.	Bridgeport	A. H. March Pack. Co.
		Do.	Chester	John J. Buckley Co. (Inc.)
		Do.	Media	Clement C. Allen, (Inc.)
		Do.		Louis Burk.
		Do.		John J. Felin & Co.
		Do.		Geo. Hausmann & Sons.
		Do.		D. B. Martin Co.-2.
		Do.		R. J. Maynes.
		Do.	Glen Olden	H. K. Mulford Co.
		Do.		New England Supply Co.
		Do.	Reading	Reading Abattoir Co.
		Do.		A. Darlington Strode.
		Do.	West Chester	Roesch Pack. Co.
		Do.		F. G. Bogt & Son.
		Do.		West Phil. Stock Yds. Co.-2.
		Pittsburgh (3)		Dunlevy Packing Co.
		Do.		Pitts. Prov. & Pack. Co.
		Do.		William Zoler Co.
		Pottsville (2)		Seltzer Packing Co.
		Do.		Jacob Ulmer Pack. Co.
1	Rhode Island	Providence	Pawtucket	Comstock & Co.
1	South Carolina	Augusta, Ga.	N. Augusta, S. C.	Butchers Abattoir Co.
3	South Dakota	Sioux Falls (2)		John Morrell & Co.
		Do.		Wilson & Co.
		Watertown		The Whooley Pack. Co.
4	Tennessee	Morristown (3)		S. M. Holtsinger Co.
		Do.		Morristown Prod. & Ice.
		Do.		Morristown Pack. Co.
		Nashville		Neuhoff Abattoir Co.
4	Texas	Fort Worth (3)	Dallas	Armstrong Pack. Co.
		Do.		Armour & Co.
		Do.		Swift & Co.
		Houston		Houston Pack. Co.
2	Utah	Ogden		Ogden Pack. & Prov. Co.
		Salt Lake		Cudahy Packing Co.
2	Vermont	Bellows Falls		S. J. Cray Pack. Co.
		Burlington		Burlington Rendering Co.
3	Virginia	No. Tazewell		Tazewell Pack. Co.
		Richmond (2)		W. S. Forbes & Co.
		Do.		Kingan & Co. (Ltd.).
8	Washington	Lewiston, Idaho (2)	Clarkston, Wash.	W. H. Bristol.
		Do.		Inland Meat Co.
		Seattle (3)		A. L. Brown Farm.
		Do.		Barton & Co.
		Do.		Frye & Co.
		Spokane		F. H. Stanton Co.
		Tacoma		Carstens Packing Co.
		Walla Walla		Walla Walla Meat & Storage Co.
4	West Virginia	Huntington		Fesenmeier Pack. Co.
		Wheeling (3)		Paul O. Reymann Co.
		Do.		F. Schenk & Sons Co.
		Do.		Geo. L. Zoeckler
10	Wisconsin	Wausau		Farmers Co-op. Pack. Co.
		Eau Claire		Drummond Pack. Co.
		Grand Rapids		Reiland Pack. Co.
		Jefferson		C. Stoppenbach's Sons.
		Milwaukee (5)		R. Gumz & Co.
		Do.		The Layton Co.
		Do.		Swift & Co.
		Do.	Cudahy	Cudahy Bros. Co.
		Do.	Ft. Atkinson	Jones Dairy Farm Co.
		Richland Center		Old Home Farm Prod. Co.
1	Wyoming	Cheyenne		Hammond Packing Co.
329	Total number of establishments.			

REPLY OF MORRIS & CO.

CHICAGO, ILL., *August 24, 1917.*

on. JOSEPH E. DAVIES,
Commissioner, Federal Trade Commission, Washington, D. C.

EAR SIR:—Wish to acknowledge receipt of your favor of July , and in reply would say:

ARTICLE NUMBER ONE.

e price of everything has gone up tremendously in the last few s. This will be best seen by noting "Bradstreet's Index Num- the commonly accepted value of commodities, as shown in the t the end of this article. You will note this Index Number has ased from 9.5462 December 1st, 1912 to 15.4680 June 1st, 1917, increase of 62.03 per cent.

l expenses entering into the price of live stock have gone up. values have increased considerably, in fact there is no longer cheap land. Labor is scarce and high. I believe these two are too well known to require any further comment from me. price of grain, cotton seed meal and all feeds has, in most cases, more than doubled, as shown in the table before referred to. e large ranges have been cut up, especially the Indian lands. l things become readjusted and the small settler starts raising and sheep there will be a natural tendency to decrease the g of cattle and sheep.

l the costs of operating a packing plant have gone up. I will ion only some of the more important items—

you well know, labor has increased about 50 per cent. Coal has very difficult to obtain and prices extremely high.

, which is so important in canning goods, has nearly tripled lue and is obtainable only with the greatest difficulty, regard- f price.

cking House salt has doubled in price and last Winter it was y obtainable, likewise paper and cloth are very much higher. pplies have been very hard to obtain, regardless of price and elays in getting them in have been so considerable that we had to carry very large stocks of these. This is, of course, expensive. The cost of building is exceedingly high. Most of items appear in the table at the end of this article.

ight rates are continually increasing and the railway strike all was very costly to the packers as railway strikes always are who handle a perishable product. Many railroads are either hening, or failing to keep, their schedule. As the icing sta- are arranged to take care of the original schedule, this delay is disastrous to perishable products.

e new Federal taxes have added much to our costs, as they have e costs of all large operators.

vertheless, it will be noticed from the following table taken "Bradstreet's" that the price of dressed meat has increased han the price of live stock on the hoof—

	Per cent increase, June 1, 1917, over Dec. 1, 1912.	Per cent increase, June 1, 1917, over Dec. 1, 1913.	Per cent increase, June 1, 1917, over Dec. 1, 1914.	Per cent increase, June 1, 1917, over Dec. 1, 1915.	Per cent increase, June 1, 1917, over June 1, 1916.	Per cent increase, June 1, 1917, over Dec. 1, 1916.
Beeves (best native steers)	23.63	43.15	29.52	31.40	23.63	11.02
Beef carcasses, Chicago	27.08	24.49	27.08	32.60	15.53	12.96
Hogs[1]	109.15	105.13	122.22	142.42	63.26	67.54
Hog carcasses, Chicago	102.38	77.08	93.18	129.73	60.37	58.15
Sheep	188.17	168.00	106.15	109.37	62.42	48.88
Mutton carcasses, Chicago	95.12	66.66	60.00	60.00	17.64	25.00

[1] A very small percentage of hogs are sold in carcasses, but prices of lard, ribs, and hams will show similarly.

This, at first glance, appears impossible but is accounted for by the by-products. The packing business is peculiar in the wonderful degree to which these are utilized, especially by those doing a large volume as it is only those doing a large volume who are able to carry this refinement to the furthest degree. We are continually making improvements and all the product which was formerly thrown away is now, not only saved, but turned into the most profitable channels. Other stages in the refining of by-products are continually being added. Furthermore, these by-products have recently brought good prices.

I would like to call attention to "Report No. 113, United States Department of Agriculture, on Methods and Costs of Marketing Live Stock and Meats,"—page 71, as follows:

TABLE 42.—*Distribution of proceeds of nine lots of cattle marketed through centralized markets, including beef and by-products.*

Item.	Lot 1.	Lot 2.	Lot 3.	Lot 4.	Lot 5.	Lot 6.	Lot 7.	Lot 8.	Lot 9.
Amount per head:									
Returns to producer	$155.06	$142.18	$89.67	$57.17	$99.71	$75.62	$89.26	$37.82	$68.84
Shipping and marketing expenses	2.85	2.51	7.19	7.16	2.43	2.38	3.41	2.80	1.65
Packers' gross margin[2]	16.50	7.22	12.53	6.24	4.96	1.72	8.57	3.39	5.78
Retailers' gross margin[2]	21.12	14.06	54.58	[1] 1.35	19.31	12.91	30.01	12.29	12.24
Total	195.53	165.97	163.97	71.95	126.41	92.63	131.31	56.30	88.51
Percentage basis:	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Returns to producer	79.29	85.67	54.69	79.49	78.88	81.64	67.97	67.18	77.78
Shipping and marketing expenses	1.46	1.51	4.38	9.95	1.92	2.57	2.60	4.97	1.86
Packers' gross margin[2]	8.44	4.35	7.64	8.68	3.92	1.86	6.53	6.02	6.53
Retailers' gross margin[2]	10.81	8.47	33.29	1.88	15.28	13.93	22.90	21.83	13.83
Total	100.00	100.00	100.00	100.00	100 00	100.00	100.00	100.00	100.00

[1] Jobber.
[2] These margins are the gross differences between cost and proceeds in each instance; hence they represent all expenses plus profits.

"From the preceding recapitulation of accounts it will be noted that 54 to 85 per cent (omitting decimals) of the gross returns was received by the stockmen; 1.5 to 5 per cent, and in one lot, 10 per cent, consisted in shipping and stockyards expenses; approximately 2 to 8.5 per cent went to the packers; 8 to 33 per cent to the retailer, and in one instance, less than 2 per cent to the jobber. The striking variation shown by the accounts of the different lots are due in part to differences in the distances the cattle and beef were shipped, as well as in classes of trade and conditions under which the products were sold. Considering these variations it may be said that the distribution of returns indicated by the data is approximately two-thirds to three-fourths to

the stockman, 3 to 4 per cent shipping and stockyards expense, 5 to 6 per cent packing and wholesale distribution, and 15 to 20 per cent retailing.

"Again, it should be remembered that these figures are not margins of profit. Reference to the itemized accounts will show that the retailer's gross margin, based on wholesale cost of the beef, varied from 5.74 to 61.81 per cent, the average being 26.32 per cent. Likewise, the cost of marketing live cattle, including shipping and marketing expenses, varied from 1.8 per cent in lot 2 to 12.5 per cent in lot 4. Similar computations from data on the cost of marketing baby beef steers indicate marketing expenses of 1.5 to 3.5 per cent of the value of the cattle."—"Report No. 113, United States Department of Agriculture, on Methods and Costs of Marketing Live Stock and Meats"—page 71.

The present system of retailing is very expensive. The public is now demanding service which is very costly and must naturally pay for same. Without going into too great detail I might point out that nowadays the consumer wants everything delivered, insists on charging small items (credits are often very expensive to retailers), wants to telephone orders and return the goods whenever he or she feels like it; the extreme example of this is the woman who orders ten cents worth of ham sent and charged. Likewise, the retailer's volume is so small that his overhead expense, consisting of rent, telephone service, electric light, refrigeration, etc., is very high.

The price of beef, however, has gone up less than the average commodities and the price of all meats has increased less than the average price of other foodstuffs. You will note from the list following that beef has increased only 27 per cent in the last four and one-half years, while other food products have increased from a little over 50 per cent for sugar and 177 per cent for flour to 471 per cent for potatoes and almost unbelievable figures for cabbage, or an average of a great deal more than the increase in meat products.

Bradstreet's comparative wholesale prices of commodities.

	Dec. 1, 1912.	Per cent increase as of June 2, 1917.	Dec. 1, 1913.	Per cent increase as of June 1, 1917.	Dec. 1, 1914.	Per cent increase as of June 1, 1917.
Bradstreet's index numbers	9.5462	62.03	9.2290	67.60	9.0354	71.20
LIVE STOCK.						
Beeves (best native steers)	11.00	23.63	9.50	43.15	10.50	29.52
Hogs	7.65	109.15	7.80	105.13	7.20	122.22
Sheep	4.65	188.17	5.00	168.00	6.50	106.15
ANIMAL PRODUCT.						
Beef carcasses, Chicago	.12	27.08	.1225	24.49	.12	27.08
Hog carcasses [1]	.105	102.38	.12	77.08	.11	93.18
Mutton carcasses	.1025	95.12	.12	66.66	.1250	60.00
OTHER FOOD PRODUCTS.						
Flour	4.60	177.17	4.25	200.00	5.20	145.19
Cod fish	6.00	58.33	8.00	18.75	8.00	18.75
Sugar	.0490	53.06	.0430	74.41	.0510	47.05
Beans	5.85	186.33	5.40	210.18	6.60	153.79
Peas	4.30	167.44	2.90	296.55	4.50	155.55
Potatoes	1.75	471.43	2.00	400.00	1.50	566.66
Cottonseed oil	.0625	164.00	.0706	133.71	.0570	189.47
Cabbage	....	....	....	....	....	....
GRAIN AND FEED.						
Wheat	1.06	169.81	.99	188.88	1.25	125.80
Corn	.66	157.57	.8150	108.58	.78	117.95
Oats	.37	85.13	.4450	53.93	.5350	28.37
Cotton seed	18.00	205.55	22.00	150.00	15.00	266.66

[1] A very small percentage of hogs are sold in carcasses but prices of lard, ribs, and hams will show similarly.

Bradstreet's comparative wholesale prices of commodities—Continued.

	Dec. 1, 1912.	Per cent increase as of June 2, 1917.	Dec. 1, 1913.	Per cent increase as of June 1, 1917.	Dec. 1, 1914.	Per cent increase as of June 1, 1917.
PACKING-HOUSE SUPPLIES.						
Tin plate	3.60	150.00	3.40	164.70	3.10	190.32
Cotton	.1285	76.26	.1350	67.77	.0765	196.08
Paper	.0225	144.44	.0225	144.44	.0225	144.44
Twine (jute)	.0585	79.48	.0775	35.48	.0375	180.00
Coal	3.65	56.16	3.55	60.56	3.55	60.56
BUILDING MATERIAL.						
Steel beams	29.00	193.10	25.00	240.00	21.00	304.76
Nails	1.95	105.12	1.90	110.52	1.85	116.21
Yellow pine	26.50	24.52	25.00	32.00	25.00	32.00
Brick	6.75	48.14	6.00	66.66	5.00	100.00
Lime	.92	79.34	.92	79.34	.92	79.34

	Dec. 1, 1915.	Per cent increase as of June 1, 1917.	June 1, 1916.	Per cent increase as of June 1, 1917.	Dec. 1, 1916.	Per cent increase as of June 1, 1917.	June 1, 1917.
Bradstreet's index numbers	10.6473	45.28	11.6887	32.33	13.6628	13.21	15.466
LIVE STOCK.							
Beeves (best native steers)	10.35	31.40	11.00	23.63	12.25	11.02	13.60
Hogs	6.60	142.42	9.80	63.26	9.55	67.54	16.00
Sheep	6.40	109.37	8.25	62.42	9.00	48.88	13.40
ANIMAL PRODUCT.							
Beef carcasses, Chicago	.1150	32.60	.1320	15.53	.1350	12.96	.1525
Hog carcasses [1]	.0925	129.73	.1325	60.37	.1350	58.15	.2125
Mutton carcasses	.1250	60.00	.17	17.64	.16	25.00	.20
OTHER FOOD PRODUCTS.							
Flour	5.30	140.56	5.25	142.85	8.00	59.37	12.75
Cod fish	8.00	18.75	8.00	18.75	9.00	5.55	9.50
Sugar	.06	25.00	.0765	[2] 2.00	.0750	Same.	.0750
Beans	8.20	104.27	8.45	98.22	13.00	28.84	16.75
Peas	5.10	125.48	5.40	112.96	9.35	22.99	11.50
Potatoes	2.40	316.66	3.00	233.33	5.25	90.47	10.00
Cottonseed oil	.0810	103.70	.1090	52.37	.1275	29.40	.1650
Cabbage	....	....	[3] 7.00	1,675.71	[4] 11.00	1,354.54	[3] 125.00 [4] 160.00
GRAIN AND FEED.							
Wheat	1.25⅝	127.76	1.17	144.44	1.78	60.67	2.86
Corn	.8050	111.18	.80	112.50	1.00	70.00	1.70
Oats	.4550	50.55	.45	52.22	.59	16.10	.6850
Cottonseed	36.00	52.77	38.00	44.73	62.25	[2] 13.18	55.00
PACKING-HOUSE SUPPLIES.							
Tin plate	3.60	150.00	5.75	56.52	6.00	50.00	9.00
Cotton	.1255	80.48	12.70	78.34	.2030	11.58	.2265
Paper	.0215	155.82	.03	83.33	.045	22.22	.055
Twine (jute)	.0575	82.61	.075	40.00	.0825	27.27	.105
Coal	3.40	67.64	3.50	62.85	6.90	[2] 21.05	5.70
BUILDING MATERIAL.							
Steel beams	28.00	203.57	52.00	63.46	60.00	41.66	85.00
Nails	2.20	81.81	3.10	29.03	3.60	11.11	4.00
Yellow pine	32.00	3.12	35.00	[2] 6.06	30.00	10.00	33.00
Brick	6.75	48.14	7.75	29.03	9.50	5.26	10.00
Lime	1.35	22.22	1.55	6.45	1.50	10.00	1.65

[1] A very small percentage of hogs are sold in carcasses but prices of lard, ribs, and hams will show similarly.

[2] Decrease. [3] Low. [4] High.

ARTICLE NUMBER TWO.

Fresh meat, being perishable, must be disposed of promptly, and prices are, therefore, necessarily governed by supply and demand. Packers must continuously operate their plants; we guarantee forty hours per week to our butchers, must pay our superintendents, foremen, clerical and much other help on weekly pay roll; this expense, together with our overhead, goes on whether we are operating or not. Consequently, to keep our plants in operation, we are compelled to buy live stock on every market day, regardless of price.

When receipts of live stock are light, higher prices for the live stock naturally prevail and when receipts increase for a period and greater supplies are available, resulting in heavier shipments of fresh meats, lower prices for fresh meat and live stock naturally result.

The live-stock shippers, following the market and figuring on still receiving higher prices, caused by current light receipts, invariably and concurrently increase their shipments, glut the market, causing widely fluctuating prices. Live cattle go backward quickly after being taken from the feed lots and shipped to market, the shrinkages are heavy and cattle must be sold. Owing to this fact and consequent lower prices, we at such times buy beyond our ability to kill promptly, often causing us to carry live stock in the yards two and three days, sometimes longer; owing to the impossibility of quickly regulating our force of help to meet the varying receipts.

Carrying this stock alive causes loss on account of shrinkage and heavy buying naturally compels excessive shipments to our distributing houses, with consequent demoralization of prices.

An example of the above condition exists at the present time. For the two weeks ending August 4th, receipts of cattle at practically all of the markets were exceedingly liberal, caused by dry weather and high prices. These excessive receipts occurred at a time when the weather was extremely hot, which materially curtailed the consumption of beef and naturally much lower prices for beef followed. The heavy receipts of cattle, together with the condition of the beef trade, caused a slump in the price of live cattle.

Two weeks ago rains throughout the feeding territories became general and this, together with lower prices for live-cattle, caused a general withholding of shipments; and during the last two weeks (ending August 18th) receipts of cattle at the various markets are abnormally light, supplies being inadequate to operate plants at anywhere near their capacity. The consequence is that the price of live cattle has been advancing rapidly and is from 50¢ to $1.00 cwt., and in some cases more, higher than during the preceding two weeks.

It can readily be understood that such uneven distribution must of necessity cause unsatisfactory conditions to producer, consumer, and packer alike.

Other causes, such as drought and higher-priced feed, also contribute to shipments which are inconsistent with market conditions and frequently causing shipments of large numbers of unfinished live stock to market. On the other hand, working in the fields during planting, plowing and harvesting often retards shipments.

There are also seasonal shipments, such as the fall of the year, when great numbers of canners and Western range cattle are shipped. At such times, receipts are so much greater than immediate requirements of fresh meat will absorb that packers are compelled to send their surplus stock to the freezer.

Conditions might be improved upon to the benefit of consumer, producer and packer, if the Department of Agriculture through its recently established Bureau of Markets, were to station men at the various live stock markets, similar to the plan now adopted by the Department by which reports on market conditions on fresh meats are distributed daily by wire. Such Government representatives could keep posted on trade conditions and influence more uniform receipts; and especially more uniform receipts every day in the week up to and including Friday, of each week. At the present time, the heavy receipts usually arrive on Monday and Wednesday. This was a custom which had some merit in former days, when there were heavy export shipments, both on live cattle and dressed beef to the English market, when on account of steamship sailings, Mondays and Wednesdays were the days on which these cattle were more largely in demand. As there is no longer any need for this, and has not been for a number of years, the railroads, shippers and commission merchants should co-operate toward more uniform receipts from Monday to Friday, inclusive. Widely fluctuating receipts and consequent widely fluctuating prices are an evil which we believe could best be controlled through the agency of Government advice to the shippers, as to current conditions.

The system of retailing is costly to the consumer as mentioned in Article Number One.

ARTICLE NUMBER THREE.

One point which is frequently discussed is the concentration in central markets. The great economic advantage of this is that it reduces the cost by allowing the best handling of the by-products, which can only be properly and profitably handled on a large scale. Another advantage of these central markets is that it is only at these that a proper diversification of the class of the animals can be secured to suit all demands for different grades of meat from all parts of the country. These central markets are a benefit to the cattle raiser in maintaining an open cash market every day in the year, at which he can sell his product during panics, war-strife, and under every conceivable condition. When the stock-exchanges and the grain-exchanges have had to close, this live stock market has remained open. The live stock raiser is the only merchant who has always been provided with an open cash market for his product.

The great economic evil in this industry is the fluctuating of prices, which, as pointed out, has a detrimental effect on the consumer, producer, and packer alike. This is caused by uneven receipts of live stock and uneven demands for meats. We advocate more uniform receipts, which, as pointed out in Article Number Two, we believe can best be brought about through proper distribution by the Government of information on market conditions.

All packers operating inspected establishments are subjected to unfair competition by the uninspected establishments; the former using the best known processes of sanitation, sending to the tank product which cost them millions of dollars and at the same time selling their Government-inspected product in competition with the local butchers, operating under either inadequate or improperly enforced local inspection laws with no loss for condemned products.

Speaking for ourselves, and I can not speak with personal knowledge as to any other branch of the "system," as you term it, I want to say most positively and unqualifiedly that our business is not conducted in violation of the laws of this country, and is not controlled or restricted by artificial or illegal means, as your investigation will prove.

ARTICLE NUMBER FOUR.

It would be difficult to imagine any large business without some little defects or deficiencies in its management or operation, but it is a matter of common knowledge, and one which your investigation will prove, that the packing business is conducted with more economy, more efficiency, and on a smaller margin of profit than any other business in the world. It is also an indisputable fact that all packers who do any large volume of business utilize the by-products to a far greater extent than is done in any other business or can be done by a packer having a small volume of business. If this were not true, meat would necessarily be very substantially higher than at present, because, as shown before, the increase in the cost of meat is less than the increase in the cost of live animals. I know of no economic weakness in the packing business, but will very frankly and candidly say that if any defect or weakness should be developed by the Government, Morris & Company will be the first to meet the views of the Government and to correct any such deficiency.

I might here quote the statement just issued by Mr. Hoover of the Bureau of Food Administration:—

"A total decrease of 115,005,000 in the world's meat producing animals is shown in a comparison of present with prewar conditions. While the increase of cattle in the United States was 7,090,000 during this period, the total world decrease was 28,080,000. Sheep decreased 3,000,000 in the United States, and 54,500,000 in the world. Hogs increased 6,275,000 in the United States, but decreased 32,425,000 in the world supply."

"The demands made by war on the American meat supply is further shown in the growth of our meat exports for the year ending June 30, 1916, which were 1,339,193,000 pounds, as compared with 493,848,000 pounds for a 3-year prewar average. These exports have chiefly gone to our Allies, whose capital stock of animals has decreased by 33,000,000 head."

"Although the European countries have drastically reduced meat consumption among nonwar workers, this saving has been overcome by the greatly increased demands to supply men in the armies and shops, and the women who have taken up physical labor. This demand has been so great that Europe has been eating into its herds at an alarming rate, and this condition will continue to grow worse each day as the war progresses. This is a problem that America must meet, not only during the war, but after it has ended."

"Owing to the ascending standard of living, the world was already strained to supply enough animal products to meet the demand before the war began. The war has injected into an already difficult situation a number of vicious conditions which are jeopardizing the ultimate animal products supply of the world. The production of fodder in Europe has been diminished by the diversion of productive labor to war, and its import has been curtailed by shortage in

shipping and by the isolation of markets by belligerent lines. From these causes not only are the actual number of animals decreasing in Europe, but the average weight and the annual output of dairy products per animal are decreasing."

"The men in the armies and the men in the shops; also the millions of women forced to physical labor, have required a greatly increased supply of animal products. Millions of individuals to whom fresh meat twice a week was a luxury, are now, by necessity of their extreme physical labor, eating it twice daily. The supply of wool and leather has decreased in a period when there are additional demands, for the extra amount of normal clothing required for the soldiers must be met. All European countries have drastically reduced the consumption of meat and clothing among the nonwar workers to a point that would seem impossible to the American people, but despite this, the actual meat, fat, wool and leather consumption in the Allied countries has increased as a result of the war. Under the pressure of these forces, Europe has been eating into its herds and flocks, and thus is burning the candle at both ends."

"These vicious forces accumulate impetus as the war goes on, for with a diminished herd and thus a diminished production and a continuous demand, the inroads on the herds grow in volume."

"A careful estimate of the world's food animal position shows the following summarized position.

	Increase or decrease, United States.	Decrease, western allies.	Decrease in other countries, including enemies.	Total net decrease.
Cattle, increase	7,090,000	8,420,000	26,750,000	28,080,000
Sheep, decrease	3,000,000	17,500,000	34,000,000	54,500,000
Hogs, increase	6,275,000	7,100,000	31,600,000	32,425,000
Total	....	33,020,000	92,350,000	115,005,000

"The problem facing the American people is not only one of supplying the immediate demand of the Allies, but one which is more far-reaching in its future significance. As the war goes on there will be a constant lessening of the capital stock of food animals of the world. Among our Western Allies, the demand outruns further every day the decreasing production, and as shipping becomes further shortened by continued submarine destruction, less tonnage can be devoted to fodder and further reduction of the herds must ensue. These destructive forces have given rise to reactions in many directions. The world's supply of meat and dairy products, of animal fats and industrial fats, wool and hides, are all involved not only now, but for far into the future."

"The immediate problem is to furnish increased meat supplies to the Allies to maintain them during the war. An important factor contributing to the present situation lies in the disturbance to the world's trade by destruction of shipping resulting in throwing a larger burden on North America, the nearest market. Shipments from the Australasian, South American, and from the Continental countries into the Allied countries, have been interfered with. Their contributions must be replaced by increased shipments from North America."

"The growth of American meat exports since the war began, most of which have been supplies to Allied nations, is revealed by the following figures:

Three-year prewar average	493,848,000 (lbs.)
Year ending June 30, 1916	1,339,193,000 (lbs.)

"The impact of European demand upon our animal products will be maintained for a long period of years after peace. We can contemplate a high range of prices for meat and for animal products for many years to come. We must undertake to meet the demand, not only during the war so as to enable our Allies to continue to fight, but we must be prepared to meet the demand after the war. Our herd can not be increased in a single night or in a single year. Our producers will not only be working in their own ultimate interest in laying the foundation of larger herds and flocks, but will serve our national interest and the interest of humanity, for years to come if the best strains of young animals are preserved. This increase in herds can only be accomplished

we save more of our roughage and raise more fodder grains. It is worth noting that after the war Europe with lessened herds will, pending their recuperation, require less fodder and will therefore produce more bread grains and import less of them, so that we can, after the war, safely reduce our breadgrain production so as to increase our fodder. But we must lay our foundation in the meantime to increase our herds."

"There is only one immediate solution to the short supply of meat for export pending the increase in our herds and flocks, which will take years. During the course of the war we can, just as with the cereals, reduce the consumption and eliminate the waste, particularly among those classes which can best afford it. In the meantime, in order to protect all of our people, we must carefully control our meat exports in order that the people shall not be denied this prime necessity of life."

"The hog is the most efficient of machines for the production of animal fat. The hog not only makes more fat from a given amount of feed, but also the products made are specially capable of preservation and most economical for commercial handling."

"The swine of Europe are rapidly decreasing, and the consumption demand induced by the war is much increased, and this particularly because bacon, ham, and lard are so adaptable for military supplies. Moreover, our Allies are isolated from many markets and a large amount from northern neutrals is being diverted by Germany."

"While our hogs have increased in number by 3,000,000 animals, the average weight at slaughter is falling and our production is probably only about maintained. The increasing demand upon us since the war began is shown by the following figures of comparative exports:"

Three-year, prewar period	1,055,614,000 (lbs.)
Year ending June 30, 1916	1,512,375,000 (lbs.)

"In this is included all the products of the hog. Lard alone aggregated [illegible]000,000 pounds."

The cattle industry has not yet become accustomed to the cutting of the ranges referred to in Article Number One.

The establishment of a stable Government in Mexico would open a large field for cattle raising.

It would be a great advantage if hog and sheep raising could be as easily financed as cattle raising, but this is inherently more difficult.

There are untold millions lost each year through disease among live stock. I look upon the prevention and cure of disease as one of the important matters before this industry and the country as a whole to-day.

It would be well to encourage the raising of better live stock, as it costs no more to feed a good animal than it does to feed a "scrub"; also to teach economical feeding, the use of silos, etc.; also to teach the farmers to use live stock to clean up their waste. Stubble fields, which would feed thousands of animals, lie vacant every season. Live stock could be cheaply fed on this and it would increase the fertility of the soil. Farmers who feed corn to cattle should be encouraged to have hogs follow them and thus eliminate waste.

More uniform marketing of cattle, referred to above, should be encouraged by the proper distribution of statistics on market conditions, preferably carried out by the Government.

A great economic saving could be effected by having more uniform inspection of the inspected establishments. At present the packers often spend thousands of dollars to put things in shape to please one inspector when they will be instructed by another inspector to change this again, such action causing much higher costs. If the system could be changed so that they could learn what would be eventually

desired in the first place, thousands, or I might say, millions of dollars could be saved. It is only natural that different inspectors have different views, but could the system not be changed so that the consensus of opinion could be obtained before, rather than after, the money is spent?

Another saving could be made if condemned products could be kept for the most profitable inedible use; instead of being denatured. An example of the loss sometimes caused by denaturing is some stearine which was condemned for food and was, therefore, sold to a tannery for greasing leather. The stearine could not be shipped to the tannery unless it was mixed with so much acid that it would be unusable for that purpose.

Milk which is good enough to be sold for children and babies to drink is not considered good enough to put into butterine.

The public should be educated to call for the less expensive cuts. Everybody now wants the best cuts, with the result that the prices on these have been high, while the prices on the other cuts are proportionately low. The cheaper cuts are just as nutritious and, if properly prepared, are nearly as good eating as the more expensive cuts. If the public would only realize that they really pay for the expensive service they demand from the retailer and would go back to the old way of marketing it would decrease the cost of handling, likewise the price to the ultimate consumer.

Having answered your specific questions, please permit me to say that there is no business in the world that is so sensitive to and so quickly and vitally affected by agitation as that of the packer, who deals, as he does, in a perishable product and is located between the great army of producers on one side, demanding high prices for live stock, the raw material of the packer, and that great army of consumers on the other side, demanding cheap steaks and roasts, the finished product of the packer. It certainly goes without saying that the consumer can not have cheap meat when the producer is paid high prices for live stock on the hoof.

We can not have cheap pork chops when hogs bring Twenty (20¢) cents per pound on the hoof nor cheap steaks when live cattle bring Fifteen (15¢) cents per pound.

I have tried to answer your questions directly and frankly. If there is any point in your mind which I have not answered, or if you desire any additional or further information, I will be very glad to furnish it to you if within my power. Our books are open to your investigators; our employees and ourselves are at your command. We want this investigation to be thorough and complete.

Yours respectfully,

NELSON MORRIS.

REPLY OF WILSON & CO., INC., BY THOMAS E. WILSON, PRESIDENT.

CHICAGO, ILL., *August 21st, 1917.*

JOSEPH E. DAVIES, Esquire,

Commissioner, Federal Trade Commission, Washington, D. C.

DEAR SIR: Your letter of July 23rd requesting that I write you in line with suggestions contained therein came duly to hand.

Taking the subjects as enumerated by you:

(1) I am naturally aware of complaints on the part of the consumer as to the increased cost of meat food products and fully realize that in the mind of the average consumer no doubt he feels, to a certain extent at least, the increased cost to him is not fully justified.

At this point I think it proper to mention the fact that the price of meat food products has not increased as much as several other staple products. In fact beef has shown as low, if not the lowest percentage of increase of any staple food.

There are many contributing causes to the increased cost of meat to the consumer.

Statistics as issued by the Department of Agriculture show that the available supply of cattle in the United States on January 1st, 1916, was 61,440,000 head, compared with 66,861,022 head ten years previous, or January 1st, 1906. It is apparent when you take into consideration the increase in population covering the same period of approximately ten million people; then further considering the European war which promptly resulted in consuming practically all of the herds in the various countries at war, and in addition created an enormous demand for meat food products that necessitated importation from this country and South America principally; then the further fact of our own country entering into the war without any perceptible increase in the production of live stock in this country, has had the natural effect of increasing the value of the available animals stimulated largely by the increased cost of beef producing food such as corn, alfalfa, cottonseed meal, etc., and the increased value of lands, cost of labor and increase in freight rates, has all tended to add to the initial cost.

Whether or not the increased cost of live stock is fully justified, or whether the contributing causes mentioned by me are all that go to make up this increased cost, only a thorough investigation can determine. Our Company has no interest whatever in the production of any kind of live stock, our requirements being bought from day [to day] at the various live stock markets.

I think it proper to say here that our Company, and we believe other packers as well, have for some time foreseen a shortage of meat producing animals, and have in their various individual ways endeavored to impress the importance and profitableness on the American farmer of raising more and better live stock. Particularly does this apply to the raising of cattle and sheep, which until a few years ago were raised largely on the immense free ranges in the Southwest and Northwest sections of the country, which had the effect of producing large numbers at a minimum cost, and now that the large ranges have been practically done away with, and the major portion of the beef and mutton is raised on individual farms and small ranges, the number has decreased, whereas on the other hand the quality has improved. If the average American farmer can be made to realize that it is to his financial benefit to raise more of the different kinds of live stock, the country will have all it needs and have some to spare to export.

I am enclosing a statement prepared from our books by Price-Waterhouse & Co., which shows that the dressed beef from all of the beef cattle killed by us in Chicago during the entire year of 1916 sold at

an average price of $10.81 net per hundred pounds, Chicago basis, or only 33 cents per hundred pounds more than it averaged in 1915; 74 cents per hundred pounds less than 1914, and 14 cents per hundred pounds less than 1913, from which you will quickly see that notwithstanding the fact that we paid much more for the live cattle in 1916, the dressed beef price was less than in 1913 and 1914, and *only* 33 cents per hundred pounds more than 1915. These figures I believe show conclusively that there can be no just complaint against the packers on the prices they have charged to the retailers.

This of course was made possible by the advance in values of hides, fat and offal.

(3) In commenting on item three I will take up first the question of marketing:

There has been a question in the minds of some people as to the economic principles involved in the present method of marketing live stock; that is, through the medium of large centralized markets, at which markets are concentrated, packing houses with facilities for slaughtering large numbers of animals per day.

In the first place, in order to operate packing houses on a thorough economic basis, volume is absolutely necessary. Volume can not be handled unless a sufficient amount of raw material, consisting of the various grades and kinds of live stock is available at one centralized point; therefore two principal things must be considered in locating a packing house. First, the ability of the surrounding county to produce all kinds of live stock in sufficient quantities to operate economically. Second, sufficient population nearby to consume a fair portion of the offal, and fresh and cured meats, as well as a supply of sufficient labor.

To make myself probably better understood on the question of the absolute necessity for large volume in the operation of packing houses, I would point out that the great progress in the packing industry has been brought about almost wholly by operations on a large scale, permitting the application of scientific methods of utilizing the many by-products, which not many years past were considered worthless, or nearly so.

The utilization of these by-products has been a large factor in increasing the value of the animal and proportionately decreasing the cost of the meat portion, which of the average steer is about 55 per cent, and notwithstanding the high price of the animal and the subsequent increased cost of producing meat, it would be much greater if the by-products were not utilized to the fullest extent as they are to-day.

Operations of the packing industry on a large scale have made the business profitable on a small margin of profit per head, or on the turnover of the amount of business done by the average packer, as the records will show the average profit on the turnover for the past ten years has been approximately 3 per cent of the gross sales. It can be readily comprehended that to do business on such a narrow margin, it would not be profitable on a small volume.

I am going somewhat into detail on the packing end of the business so as to more clearly illustrate the necessity for large concentrated markets to furnish the necessary volume as needed.

Records will show that regardless of the number of head of the different kinds of live stock shipped to the various markets on any day, there has been a prompt sale made of same on a cash basis. In other words, the establishment of these markets has had the effect of insuring to the live-stock shipper immediate sale and cash for his product on the day it is sold.

Regarding the question of distribution of products to the retailer, I believe that the present method is an economical one; that is, the distribution of the products from the various packing centers to the different branch houses located at all principal points throughout the United States where refrigerators are provided and where the products, after having been transported in refrigerator cars, are put in the branch house refrigerators and made available for the retail trade in as good shape practically as if delivery were taken direct from the packing house.

One of the best proofs of the correctness of this plan is the fact that the losses on product which is ultimately destroyed through deterioration is practically nil as compared with the total volume.

(4) I believe that my ideas as already expressed answers your query in item 4, except the fact that I would like to emphasize that the great waste of meat-food animals which die from disease or are condemned after being slaughtered, or which are killed and destroyed by predatory animals, representing hundreds of millions of dollars annually, can and should be materially reduced.

I realize that the Department of Agriculture is doing very effective work in educating the grower along lines toward the eradication of diseases; likewise it is doing effective work in connection with the eradication of predatory animals; however, the field is still great and no doubt in time considerably more headway will be made at a consequent saving.

Any investigation that will tend to clarify or improve the food situation, I—for Wilson & Co.—unqualifiedly indorse and lend the support of our organization to the fullest extent, and I believe these are the sentiments of other packing concerns; in fact, all food-producing concerns.

My firm conviction is that anything but a thorough and general investigation of the subject from the production of the raw material to the ultimate consumer will not result in any material good or benefit.

I am neither accusing or defending any branch of the industry, but notwithstanding the inopportune time, I feel that if our Government decides that an investigation is necessary, then all concerned should enter into the matter heart and soul with the idea that when the investigation is completed it will either have the effect of correcting any existing evil, or convince the American public that the increased cost is the result of natural laws and conditions and is not chargeable to unscrupulous desires or tendencies on the part of any individuals or corporations, but we as packers feel that we can justly protest against being singled out as being responsible for the increased cost of meat-food products, when on the face of it we have no connection whatever with the production of our raw material, have no control whatever over the number or kind of live stock

raised, or when marketed, being dependent entirely for our raw product upon the open public live stock markets.

During the past few years many conferences have been held between different branches of the industry. At these my contention has always been that there should be closer cooperation, and I believe this more urgent to-day than ever.

We should at this time, when the need of better and more live stock is so apparent, be devoting our thoughts and energies towards the improvement of the industry, eliminating any economic weaknesses instead of each branch denying responsibility for them and endeavoring to place the blame on the other fellow.

Without intending to criticise, it has been my observation that the gentlemen dominating the cattle-raising industry have confined their views to conditions existing years ago, and have been unwilling to make a thorough study of the entire industry, including the handling of the products by the packers, the distribution by them and the handling of the retailers, and apparently have not been willing to adjust themselves to the changed conditions, and as a matter of fact they have not been willing to accept the results of investigations that have been held in the past, and I am afraid it will be their attitude following the present one, because it seems to be the disposition to make this investigation only as a part of the industry, and I am sure that the results will show, as has been contended by the packers and as has been shown by previous investigations and by facts and figures submitted at the hearings in Washington recently, that as far as the business of the packers is concerned they are operating on an economical basis and on an extremely small margin of profit on the turnover on a per head basis.

In the President's letter of February 7th, he touches upon a point in reference to the unjustifiable fluctuations in prices, stating that "it will not merely demoralize but inevitably deter adequate production." There is no question but what this has been one of the bad features of the industry, but, unfortunately it does not seem to be within the province of the packer to remedy it, and to my notion is a matter necessarily controlled by the raiser and shipper of the live stock in conjunction with his representative, the commission man at the different markets.

The tendency has been during the past few years to concentrate shipments on two days of the week, namely: Mondays and Wednesdays, leaving the other days rather bare of receipts. This in itself is responsible for a large economic waste in the industry and is largely responsible for the market fluctuations, and if the shippers could find a way to control this situation, distributing their shipments more evenly throughout the week, and if the larger raisers and feeders could control their shipments, so as to distribute them over a longer period rather than to throw them all into the market in any one or two weeks, it would result advantageously to all concerned.

On the other hand, in the distribution of meats by the retailers, there is in my opinion again a large economic waste, with which I am sure you are familiar, the matter having had a great deal of attention on the part of the Department of Agriculture in the recent past. I am not contending that this is the fault of the retailer, but rather feel it is the result of extravagant requirements of the

consumer, in the nature of deliveries and other facilities that might be eliminated from an economic standpoint.

Having no connection whatever with the sale of products direct to the consumer, makes it absolutely unfair on the part of anyone to go to market and make purchases of meat, and because the price has increased over a year or two ago, to immediately say that the packer is responsible.

Our methods of operation and small profit realized should, and I believe will, convince any fair minded person that the preparation of meat food products on any other scale or method would result in much higher cost to the consumer; therefore, it is our opinion that in all fairness to the industry an investigation which singles out the packers first is unjust, will accomplish no good, and be a waste of time and money.

As before stated, if an investigation is desired, I believe the Federal Trade Commission should cover the proposition from the raising of the animal to the product by the retailer.

Yours very truly,

EXHIBIT V.

SYNOPSIS OF THE VIEWS OF THE SMALLER PACKING COMPANIES ON THE MEAT SITUATION IN THE UNITED STATES, AUGUST, 1917.

The Federal Trade Commission sought the views of the smaller interstate packers on the meat situation, as well as those of the great packing companies, whose letters have been set forth above.

Replies were received from 66 of the 297 concerns to whom the letter was addressed, and of these, 12 are known to be controlled by one or more of the five great packing companies. The views of these 12 are not covered in the following synopsis, since it is desired to present here the views of only those packers who are independent.

The letter addressed by the Commission to the smaller packers follows:

AUGUST 27, 1917.

GENTLEMEN: The President of the United States has directed the Federal Trade Commission "to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs and the products or by-products arising from or in connection with their preparation and manufacture; to ascertain the facts bearing on alleged violations of the antitrust acts, and particularly upon the question whether there are manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest."

Pursuant to the above direction the Commission has begun an investigation of the meat business in all its phases. In connection with that investigation the information called for in the enclosed schedule is required.

This schedule is being sent to all slaughtering concerns in the United States engaged in interstate business. It is sent in duplicate so that you can retain a copy for your files if you so desire.

In addition to the information called for in the schedule, the Commission desires you to file a brief setting forth your views upon the meat situation in this country. There has been so much discussion in the public press and elsewhere in regard to the whole meat situation that you are doubtless aware

last fifteen years the trend of increased population has been from the producing toward the consuming side."

CAUSES OF DEFICIENT SUPPLY OF MEAT ANIMALS, AND SUGGESTED REMEDIES.—Several causes of the inadequate supply of meat animals are mentioned in the replies of the smaller packers. They also point out certain practices in the live-stock business which they say threaten, if continued, to make our supply in the future still less adequate to meet the demand.

High prices of feed.—One cause of the inadequate supply of live stock is said to be the high price of corn, fodder, and other feeds. One company asserts that the general shortage of cattle and hogs is the result of the high price of corn, which makes it more profitable for farmers to sell corn than to feed it to live stock. The prosperity of the farmers in many sections, it is said, has enabled them to hold their grain until the market suits them. One result of the high price of corn is that the farmer is turning his cattle lots into corn fields.

The interest of the farmer, says one of the replies, is to hold hogs and feed heavily when it is more profitable to feed corn than to market it. Likewise it is natural to sell hogs when corn is high. Corn prices substantially higher than the worth of corn as feed for hogs are a detriment to hog production. This condition also encourages the farmer to cut down feeding and flood the live-stock market, and hogs received under these conditions are poorer in yield of meat and lard than if properly fed. It is also said that the high prices of meats and of feed for stock have caused large inroads of unfinished cattle on the markets.

One says that it is the opinion among packers that the fixing of stable and reasonable prices for corn would do more to insure reasonable prices of meat products than anything else the Government could do. "Proper regulation of corn prices," this company says, "would mean a much greater saving to the people of our country than regulation of wheat prices."

Importance of conserving feed.—That proper feeding is important as a matter of conserving feed, is brought out in some of the replies. One company says that certain feeds, such as kitchen swill, most of which is wasted, make wholesome feed after sterilization, and the use of such feed would add millions of pounds to the annual pork production.

Another packing company says that the feeding of hogs is the real issue. Housing is less important, for two farrows may be matured each year with practically no housing. Employment of proper feeding methods means practically no expense for the first four and one-half months of the six months required to bring the hog to marketing weight. Only in the last month and a half should expensive feed be used.

High labor costs.—Another cause of scarcity of live stock mentioned in the replies is the high cost for labor on farms, which adds greatly to the cost of production.

Losses by disease.—Many of the replies emphasize diseases of live stock as a potent factor in keeping down the supply of meats and hence in increasing prices. Especially emphasized are the losses through tuberculosis in cattle and cholera in hogs. It is asserted in one of the replies that Federal and State Governments have not paid sufficient attention in the past to these diseases, and that the loss annually is hundreds of millions of dollars. One company says that investigation has shown conclusively that the principal cause of tuberculosis and other diseases for which live stock is condemned is unsanitary conditions at the source of production. "Unquestionably," this reply continues, "laws providing for inspection of farms and maintenance of certain standards of cleanliness would greatly reduce loss through diseased animals." This company believes that the source of disease could be traced and the evil remedied to a large extent by the use of an "identification tag" by which the origin of every diseased animal condemned by the Government could be located. This proposed remedy will be referred to later.

One firm of packers believes that many farmers and breeders still have the once prevailing habit of carelessness regarding health of live stock, and that "no milder indictment than criminal negligence can be found for the man who allows disease to ravage his herds without using every means in his power to save his stock." Another concern suggests that farmers should be furnished the best cholera and tuberculosis preventives, and that they be urged to use them.

Slaughter of young stock and female stock.—One of the most important causes of inadequate supply of live stock, stressed in the replies of the smaller packers, is the great slaughter of young stock and of female stock, both young and mature. This appears to be generally regarded by the small packers as a great abuse, since it is frequently mentioned and thoroughly condemned. One company says that unless the slaughter of female stock and calves be restricted, there will be few cattle left in the country in less than five years. Another company writes that the slaughter of calves and baby lambs should be stopped, for "they are wholly unfit for food and should be matured on the farm." Still another expresses the opinion that the slaughter of calves should be prohibited along the same lines as followed by the Canadian Government, and that the tonnage of pork products would be greatly increased within a year's time, if the killing of pigs under 120 pounds in weight were stopped. In the view of another. the prohibition of the slaughter of pigs under 130 pounds

in weight would stop speculation and conserve 30 per cent to 40 per cent of the supply.

One packer would limit the slaughter of young animals at one year for sheep and two years for steers, and would prohibit the killing of cows under 8 years old. He thinks, however, that a bureau should be established to find purchasers for stock under these age limits, when the owner has not sufficient feed to carry them himself.

Especially reprehensible, in the view of some of the packers, is the slaughter of pregnant animals. One company declares that the slaughter of pregnant ewes is a crime against the meat industry, and the greatest factor in cutting down the country's supply of lambs and sheep. Thousands of pregnant ewes, it is said, have been slaughtered between November 1 and May 1 for the past 25 years. In many cases the young would have been born within a few weeks or even a few days.

One says that the production of lambs in southwest Virginia and east Tennessee has decreased from 40 per cent to 50 per cent in the last five or six years. The local sheep raisers, it is reported, have been marketing all their ewe lambs and depending on ewes from the mountain regions to restock their flocks, and this supply is now about exhausted. It is also said that in this region 75 per cent of the cattle slaughtered for the retail trade are either heifers or producing cows.

It is claimed that the American Packers' Association has spent hundreds of thousands of dollars in the effort to give instruction and encouragement in stock raising, but with little success.

Another reply urges consistent hog raising, and that the farmer should understand that he must occasionally stand a loss on hogs. This company believes that if the farmers could be induced to average up their profits for 10 years, there would be no reason for their sending all hogs to market when the cost of corn is about the price of the hog.

Transportation of live stock.—Some packers point to abuses in live-stock transportation as of great importance. A company slaughtering in an eastern city says that high stockyard charges and delay in railroad transportation add to the cost of meats. It is complained by this company that their hogs usually arrive two days late and shrink 1 per cent each day in transit. Another concern also operating in an eastern city reports that many hogs die or are crippled between the farm and the abattoir on account of overloading in transit and crowding in the stockyard pens.

Two companies express the belief that packing houses should be established near the base of supplies. This is defended in an argument of some length by one of these companies. It is said that the

carrying out of this plan would be one of the greatest strides toward solving the problem of high prices of meats, through the reduction of freight charges to and from the packing house on a considerable part of the product used near by, while the surplus meat could be shipped with only one freight charge. The elimination of long hauls, it is declared, would reduce shrinkage to a minimum, as well as damage to stock and deaths in transit. It is said that railroad records show these losses to be enormous, constituting a great economic waste.

OBJECTIONABLE PRACTICES IN MARKETING LIVE STOCK.—Objections are made to certain practices in the marketing of live stock. The practices which are chiefly condemned are speculation in live stock; "filling" live stock just before sale; country buying for future delivery; and the sale of pregnant stock.

Operations of speculators.—There is a class of traders in the stock yards at Chicago and other leading markets who buy live stock not to fill orders, but on speculation, with a view to finding a market later at a higher price. The operations of these speculators are criticized in a few of the replies. One company writes:

> We do not see any benefit or use to the trade in their vocation, and when the receipts are very light, we often will find that these speculators have bought 60 or 70 per cent of the hogs, and the packers have to buy this stock from them at their price or go without hogs, and we strongly urge the discontinuance of this practice.

Another concern writes:

> We believe that if live stock could be sold in the stock yards only to slaughterers or bona fide shippers who fill orders for slaughter or feeding purposes, a great deal would be done toward stabilizing markets for live stock, which would in turn stabilize prices for the cured products.

"*Filling.*"—The term "filling" is applied to the practice of feeding and watering live stock heavily at the stock yards just before their sale to the packing houses. The packer who buys such stock pays for the extra weight added by this "fill" but since the animals are slaughtered almost immediately, it does not make meat. The loss due to the shrinkage which thus takes place is eventually paid for by the consumer. This practice is regarded by one company as the "greatest shortcoming" of the stock yards. It also says:

> We call particular attention to this pernicious practice at this time because in addition to the fact that it works an injustice on the packer, it entails an economic loss, in that millions of bushels of feed stuff are consumed, little if any of which is returned to the animals in actual increased weight.

Another packing company expresses the opinion that the feed which is wasted in "filling" live stock at the yards could be used to much better advantage, from the standpoint of the public, if fed to the stock on the farm. This company, however, believes that while this practice is a great detriment to the public and should be given consideration, it will be hard to regulate.

The manager of a western concern writes that in the interest of conserving our corn supply it has been decided at his plant to allow no feeding of stock which is to be immediately slaughtered. He says that test records show that no pork weight is gained by feeding unless the hogs have at least 24 hours for digesting the food. On the basis of Department of Agriculture figures of receipts of hogs at markets west of the Alleghany Mountains, and allowing 5 bushels of corn as the average feed given a carload of hogs on arrival at the terminal yard, this packer estimates that 35,710 bushels of corn are fed each week to hogs which are immediately slaughtered. Using this average weekly consumption, he computes a total of 1,428,400 bushels of corn needed for this purpose in a period of 40 weeks.

Figuring that 12 bushels of corn fed at the proper time will produce 100 pounds of pork, he computes the waste due to feeding just before slaughter as equivalent to a loss during the season of 11.903,000 pounds of pork.

Purchase of live stock for future delivery.—It is said that large numbers of live stock are contracted for in the country, some even before it is born. This practice seems to be charged against some of the big packers as well as some of the commission men, though the replies are not very definite in this regard. In one complaint it is alleged that the "large killers," who buy stock on these contracts for future delivery, have it in their power to protect themselves by running up the price at the yards, if their contract price is high.

Future buying is said to be practiced in purchasing cattle as well as hogs, and an eastern firm of wholesale butchers states that speculators or killers buy their stock three to six months ahead, and use their judgment in marketing them, thus producing as they please a good or bad market for prime cattle.

A packing concern in the far West declares that this purchasing on contract for future delivery deprives the producer of some of the profits he should have besides adding greatly to the cost to the consumer. As an example, this company says that in its section of the country speculators in 1916–1917 tied up nearly the whole spring lamb crop at about 11 cents and succeeded in advancing the market to 15 or 16 cents a pound, f. o. b. shipping points, thus adding from three to four dollars to the sale price of each lamb.

Marketing of pregnant stock.—This has already been mentioned as one of the causes of deficient supply of live stock. This, of course, is the prime objection to the practice; but there is the added complaint that a considerable part of the weight paid for in the purchase of these animals is waste. The cost of this waste, borne first by the packer, is naturally reflected in increased prices paid by the consumer.

Another cause of complaint is the uneven marketing of live stock, particularly of hogs, resulting in very heavy receipts at one season

of the year, while at other times receipts are comparatively light. This matter is taken up on the following page, under the heading of uneven supply of live stock.

THE BUSINESS OF SLAUGHTERING AND PACKING—EFFICIENCY—PACKERS' PROFITS, ETC.—So far as the replies enter into the question of the efficiency of the slaughtering and meat packing industry proper, there is rather general unanimity of opinion that the industry is conducted very efficiently and on an extremely low margin of profit. In fact, on this question of efficiency there seems to be only one dissenting note. One concern, operating in the Southwest, believes that the blame for existing conditions can not be laid on any one branch of the meat industry, but that production, manufacture, and distribution "are all tarred with the same stick of inefficiency," and that the consumer is as much to blame as any of these three branches of the industry.

On the other hand, other replies contend that the slaughtering and packing business is run on a very low margin of profit. One company of eastern packers thinks the packing business one of the most efficient, and that no industry is conducted on such a narrow margin of profit. This opinion is concurred in by others who sent in replies. One concern says that a person not familiar with the business can not appreciate what it means in outlay and experience to carry on this business without losing money. Another reply states that the packers' margin of profit is "astoundingly small," probably not averaging 3½ per cent, a figure which "seems ridiculous to people in other lines." It is also pointed out that everything handled by the packer is perishable and requires expert attention and a very large investment. Only a continuous turnover, it is maintained, and a large volume of business, will bring a net profit of 10 per cent on the capital invested. Therefore, this company says: "We do not see where the packer can be blamed for high prices of meats to the consumer." On the contrary, it is believed, the consumer would be forced to pay much higher prices but for the efficiency of the packing industry.

One pork-packing concern says that the business is done on a "dangerously small margin." It states that packers' profits during the past three or four years (1913-1917) have been made possible only by the constantly advancing market, and that presently the packers will have to go through a number of years of declining values. One company in its statement (made in September, 1917) asserts that for the past five months the people of the United States have been paying less than cost of production "on practically every article in our line." Profits were secured on goods sold in Europe and the company took chances on these profits offsetting losses incurred in this country. In like vein, another slaughterer declares

that the butcher or packer can not make much money at present except on war orders, and he advocates regulation of the prices of live stock.

One packer states the belief, based on experience in the employ of one of the large packers, that the meat business pays little more than the cost to manufacture and sell product, and that the real profits to the big packers are from side lines, such as butter, cheese, poultry, canned fruits and vegetables, besides the by-products of the meat industry.

Increase in operating costs.—While the replies of the smaller packers emphasize strongly the great increase in the cost of live stock, they dwell less generally on the increase in the expenses of the packers for equipment, supplies and labor, though some mention is made of these factors. The labor situation receives particular attention in some of the replies. These assert not only that wages are high but that labor is hard to get and inefficient. An eastern pork-packing concern reports the labor situation as serious, few skilled packing-house workmen being available on account of the attraction of high wages in other industries and the call to military service. Therefore, it is impossible to run the plant at full capacity, though need is so urgent. Another eastern concern in the same line of business reports that all kinds of labor are hard to get, and that the men, knowing this to be the case, are indifferent and perform their work accordingly. The smaller packers, according to one reply, are at a disadvantage as compared with the large ones in the matter of labor, since they can not employ men by the hour as the big packers do, but must keep their butchers all the year, in order to be sure of having them at the busy season.

Uneven supply of live stock.—This point is not brought out very generally in the replies of the smaller packers, though great emphasis is laid upon it by the large packers. It is urged, however, by a few of the small packers. One of these asserts that the meat industry is a highly speculative one, because the packer has no control over the supply of live animals nor the market for his product. This company says, however, that it knows of no way of stabilizing live-stock receipts, but feels sure that the present uneven supply works great evil throughout the industry and is primarily the cause of general lack of stability in the meat-packing business. Hog receipts, it is said, are heaviest from November to February. During this season the packers kill to capacity without knowing what the demand for the cured product will be, since the marketing season does not begin till April. From March to October, according to this reply, the packer kills at a loss nine times out of ten. As a rule, therefore, the pork packer must have an appre-

ciation on his winter stock of cured meats sufficient to take care of his losses from the spring months on to October; otherwise there will be losses on the year's business.

A western packing company writes that the production of hogs and cattle has been spasmodic and that our farmers have not exerted themselves as have the European farmers toward a reasonably steady supply. A third concern feels sure that the packers will welcome anything which will stabilize prices, so that business can be done on a small but sure and steady margin. This company expresses the belief that if live stock could be sold in stockyards only to bona-fide shippers who fill orders for slaughtering or feeding purposes, a great deal would be done toward stabilizing markets for live stock, which would in turn stabilize prices for cured products.

GOVERNMENT INSPECTION, CONDEMNATION, ETC.—While the smaller packers do not express themselves as opposed to the Federal meat inspection service, there are numerous complaints of hardships due to its enforcement.

The public would be greatly benefited, says one reply, if the frightful losses caused by the condemnation of tubercular cattle and hogs were overcome. A certain part of the stock bought by packers is always condemned, and the percentage is declared to be increasing year by year, thus increasing the price of good meats. This packer, as well as others, believes that the producer of diseased animals should be made to bear this loss, instead of having it passed on to the consumer. To this end, he thinks the farmer should be compelled to identify his product wherever it is sold or used, otherwise the menace to the public health will increase year by year. As a practical means of carrying out this suggestion, two of the companies answering the commission's letter propose that all stock should be tagged in order to identify the raiser and indicate the origin of every diseased animal condemned by the Government. If the fault is with the raiser, he should be held responsible and made to correct conditions to avoid like trouble in the future.

The loss through condemnations is stated by one packing company to be estimated at from $5,000,000 to $7,000,000 a year. Another thinks that if the farmer could be forced to bear the loss due to condemnations there would be a 25 per cent increase in cattle in a very short time.

Some suggestions are made along the line of permitting the use of part of the product which is now condemned. One pork packing company thinks the Government should permit the packer to trim from hogs passed for sterilization the hams, bacon, and side meats for use in sausage on the same basis that fat is used for lard. Another suggestion is that certain fats now condemned as inedible

should be added to the list of parts which the Department of Agriculture rules as edible after sterilization. Another packing company believes that the Government inspectors should use their talent and expend their efforts in helping the packer conserve every particle of product possible and condemn only when absolutely necessary to preserve the health of consumers.

Condemnation of dairy herds by State authorities for eradication of tuberculosis is decried by one company, which states that it has slaughtered many such herds and found not over 2 to 5 per cent of the animals diseased. The others, it is asserted, were forced on an overcrowded market when they should have been left on the farm.

WHOLESALING AND TRANSPORTATION OF MEATS.—*Wholesaling.*—Comparatively little on this subject is found in the replies of the smaller packers. One company states that all costs, which include motor service, labor, supplies, and materials (other than meats) used in salesrooms, advanced sharply in 1916–17. Complaints are made of the cost of deliveries to retailers, one concern stating that it is compelled to make not less than three deliveries a day, some points being 8 or 10 miles from the plant and the orders often very small. This service greatly increases operating costs. Another company expresses the opinion that distribution costs could be reduced considerably if the retailer would call for goods instead of requiring delivery by the packer, and states that the retailer sometimes requires two or three deliveries a day.

Speculation on the board of trade.—One finds comparatively few criticisms of speculation on the board of trade in the replies of the smaller packers. There are, however, some objections on this score. A western packing company asserts that there are millions of dollars annually added to the consumer's cost of food products through manipulations on the board of trade. An eastern company believes that no trading beyond the cash month should be allowed on any food products while the war lasts. On this subject it says:

> As long as speculators can buy and sell product for future delivery, there will be more or less manipulation, not only by individuals, but syndicates, while they would not dare to trade in the cash month, as they would be compelled to take the product, and if they could not sell it, they would have to pay for it and store it, and the interest and storage charges would reduce the speculation to a minimum.

Transportation of meats.—There are a few complaints on the score of unfair and discriminatory practices on the part of carriers. A southern concern states that the matter of cars and service is the most serious handicap the small packer has, and to a very large extent keeps him out of interstate business.

This company complains that the railroads will not furnish cars equipped with "beef racks," so the packer has to provide the cars

mself. The company found the price of cars prohibitive, and there-re leased some refrigerator cars at a very high rental, on a monthly isis, the private car companies refusing to lease on the mileage isis. It is asserted that when these cars went out on a trip, and id been unloaded, they were detained and used by the railroads on ı average of six weeks, and sometimes two months. Hence it is ecessary, according to this statement, for the small packer to pay ı exorbitant rental and then lease two or three times as many cars ; would be needed if prompt return were made. Protests, it is sserted, are of no avail.

A northern company also complains of slow returns of cars, and sserts that in its own interest, as well as that of the public, special tention should be given to insure prompt return of refrigerator ırs for icing.[1]

COMBINATIONS IN RESTRAINT OF TRADE.

Various unfair practices complained of by the smaller packers ave already been mentioned. Several of the replies take up specifi-ılly the question of combinations in restraint of trade. Some ex-ress the opinion that it would be very difficult to form a combina-on in buying live stock. One or two go so far as to say that it ould be impossible.

This latter view is thus expressed by one company:

> It would be utterly impossible for buyers to form a combination of any sort regulate the price of live stock. Such a combination to be successful would ıve to include all the live stock markets of the country and with the exceed-gly keen competition from home and outside buyers at all times in each of ıese markets any agreement between packers would be wholly impracticable ıd out of the question.

Another companys says:

> There is no manipulation as far as the price of live stock is concerned, as l live stock is sold in the open market at all live stock centers like Chicago, ansas City, and others, and those prices establish themselves according to ıpply and demand.

Another concern says that it has never seen any evidence support-ıg the charge that packers "hammer" the market and force down rices at live-stock centers. When there is an oversupply at a ıarket, this reply says, buyers are apathetic, buying lags, and prices ecline as a result of natural and legitimate conditions.

It will be remembered, on the other hand, that one of the com-anies, discussing the question of buying live stock for future de-very, expressed the opinion that some of the "large killers" who ngage in this practice have it in their power to protect themselves y running up prices in the live-stock markets.

An eastern pork-packing concern writes that it has often heard eports of combinations on the part of the big packers to control the

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[1] The Commission has made a special investigation of the use of private cars in the ıeat industry and complaints received in connection therewith are not included in this ımmary.

live-stock market, but knows of no proof of it. This company, however, reports that at some seasons of the year it is confronted with unfair competition from the big western packers, who at times sell loins and other cuts of fresh meats for 2 or 3 cents a pound less than the cost to this company, though at other times the prices of the western packers will be that much higher. In the opinion of this company the big packers try "to drive the small man out of business and then reap the harvest."

The company quoted above as stating so emphatically that combinations for buying live stock are impossible is equally sure that selling combinations are out of the question. "No group of packers, no matter how wealthy and powerful," the statement runs, "could control prices to dealers. The industry is at present so large and widespread and unwieldy that any attempt made to combine on prices would spell disaster in a short time."

Another company writes that it knows of no violations of the anti-trust laws in the packing industry, and that while it is true the prices for packing-house products vary little, this is on account of the keen competition the packers are forced to meet.

An eastern packing company says that it believes there are no combinations in restraint of trade, but adds: "Competition is very keen, and is evidenced by the fact that most of the small packers have been forced out of business."

One packing company asserts that the packers are considered wholesale robbers by the public mainly on account of the statements made by the retailers to their customers in the attempt to lay the blame for high prices on the packers. In one of the replies it is held that "the fact that the packing business serves the public on the very smallest possible margin of profit" does not harmonize with the idea that the packers are charging exorbitant prices. Another reply holds that the margin of profit is so small that as a general thing there is no room for unfair practices.

Still another company says that while the large packers have some advantage over the small independent packers, principally due to their large capital and favorable location of branch houses, and that while there are cases of the railroads favoring the large centers in the shipment of live hogs, on the whole it considers the big packers "fair competition." One of the replies states that "to the best of our knowledge and belief, no arrangement exists between any of the packers, large or small, at the present time whereby the price of meat products is in any way controlled or manipulated." On the other hand, one concern reports that it has been conducting its business at a loss the past four years (1913–17). This, it asserts, is due to high prices and to the aggressive competition of Chicago packers in the spring of the year. At that time, it is said, they sell lambs for three or four months for less than they actually cost on the market when *this concern* does its buying. "As a consequence," the reply con-

tinues, "our trade buys of them and our expenses eat up our previous profits."

One of the smaller packing companies states that there is, of course always manipulation "by the so-called big packers," in lard, barreled pork, and short ribs, but that even with this manipulation the price of lard is sometimes 3 or 4 cents below the cost of production. At such times some of the smaller packers "were pretty well cleaned up."

Three of the replies, at least call attention to the hide and leather business. One states that it is impossible for the small concern to get within 2 or 3 cents per pound of the hide price obtained by the big companies.

A western company expresses the belief that the tanning and leather business is practically controlled by the large packers. It makes the following statement:

By manipulation, the large packers can divert great profits, that justly belong in the packing business, and would go toward reducing the price of the meat, into the leather business, and the enormous profits that have been made in the tanning and leather industries would indicate that this is being done.

Large packers are able to dictate just what price the tanneries can pay for hides to those packers who have no connection with the tanneries, and if this price is less than what the large packers are able to transfer their hides from the packing plant to the tannery at, it arbitrarily fixes a higher value of the meats which the packer without any tannery connections is producing, and places him at a material disadvantage in competing with the large packer.

RETAILING OF MEATS.

The retail branch of the meat business comes in for somewhat sweeping criticism on the part of a number of the smaller packers. The opinion seems to be rather widespread among them that the present system of retailing meats is much too expensive. The criticism and suggestions of one of the packing companies may be summed up in the following statement: In the retail distribution of meats and other food products there is room for large saving and consequent help in reducing the price to the consumer, in buying, cutting, merchandising, delivery, and the elimination of bad debts. Therefore, the licensing of retail establishments is advocated by this company, so that legitimate competition will not be burdened with excessive overhead and fixed expense, each retail shop conducting business enough to minimize their cost of operation. The statement is made that in some cases, at present, rent, advertising, pay roll, delivery, light, heat, and refrigeration cost the retailer more than 30 per cent of his sales, whereas, under favorable circumstances, they should not exceed 12½ per cent.

In another statement it is held that unnecessary expense is caused by customers requiring small local grocers to handle meats. The amount handled is necessarily small, and the cost of handling and waste many times what it would be in a large market where meat is handled enconomically.

Another company says that there are too many retail shops: That in certain localities this means two each of butchers, wagons, bookkeepers, and collectors, each at half efficiency, doing the work which should be done by one; double rent, overhead expense, and advertising.

Another count against the retailer made by some of the packers is that his prices are sometimes excessive, that he does not follow changes in wholesale prices as closely as he should and frequently continues to hold his price up when the wholesale price has dropped considerably. It is said that the retailer contends that the public will not stand for frequent changes and that therefore, the retailer is obliged to hold his prices stable. To this it is answered that it is only a matter of education of the consumer to make this change possible, and that there would then be less criticism of prices on the part of the consumer.

Another matter on which the consumer needs education, according to several of the replies, is the selection of cuts of meat. It is said that in the South most customers demand steaks and chops that can be quickly cooked, and that this causes high prices for these cuts, while others just as palatable and nutritious, when properly prepared, are unpopular and must be sold at a price unduly low. The suggestion is made that lack of diversified preparation of food in kitchens could be corrected by teaching at girls' schools the food value and preparation of all cuts of meat.

This complaint of uneven selection of cuts is by no means confined to the South. A northern packing company declares that the difference in prices on cuts of the same food value, sometimes seems ridiculous; and that the price of one cut will be very high by reason of excessive demand, while the price of another will be below cost of production.

The consumer is said to need education in other lines also; a tremendous saving in retail distribution might be made, it is declared, if consumers would do their own marketing instead of using the telephone, and would pay cash and carry their purchases with them. One packer, however, who believes that the "cash and carry" system would save from 15 per cent to 20 per cent for the consumer, questions whether this would satisfy the public.

Exhibit VI.

COMPLAINTS BY WHOLESALE LOCAL SLAUGHTERERS RESPECTING COMPETITIVE PRACTICES OF THE BIG PACKERS, SEPTEMBER, 1917.

On September 28, 1917, the Commission sent to the small intrastate slaughterers of the country a schedule in which, among other things, they were asked to give a report on the competitive conditions they meet in their business, and a representative number took advantage of the opportunity to do so.

A considerable number of these reported that they considered the competition they meet with fair competition. Here are given a few samples of reports of those that considered their competitors are fair:

(*a*) We have no fault to find in regard to competition, as there are times when one is long on a certain product and to dispose of same, is compelled to sell a little lower than the market, and these things will happen to anyone in our line of business.

(*b*) The large packers are fair enough to let the little fellow live, so we have no complaint whatever.

(*c*) We have no complaint to make regarding our competition. Supply and demand rule prices, it seems to us—and of course very often an accumulation of a certain product with the big packers will work a low price and subsequently a loss to us, but again a scarcity with them sometimes enlarges our profits.

On the other hand, numerous complaints were made of the methods of the big packers of the country. Price cutting, price fixing, territorial discrimination, control of the hide market, "full-line forcing," live-stock price fixing, and control of stockyards are some of the complaints. These complaints came from all parts of the country.

In the first place, a few reports are quoted which allege that the big packers are able to control the markets and that they use this power to the detriment of the small slaughterer:

(*a*) At times have difficulty in securing a stock of animals, on account of having to pay prices that are set by the large packers, and this is especially true in the Milwaukee stockyards, where the small dealer has little chance for a steady supply.

(*b*) Have found by studying the market that the large packers will at times raise or lower the market without any reason, which I believe could be regulated by the Government.

(*c*) Under the present conditions the big packer runs the stock market to suit himself after the shipper has his stock on the way, then the packer and speculator sell their products for what they want, or keep them in cold storage until they do get their price. They juggle the stock market up and down and ruin the shipper, then they juggle the finished products because they have it all in their possession and make the retailer pay this high price.

One of the most powerful weapons of the other large combinations in the United States in dealing with their smaller rivals has been the use of the method of "territorial discrimination"—that is, the cutting of prices in one territory with the purpose of crushing rivals in an old market or breaking into a new market. The resources of the big packers would give them the ability to use this method, and the following quotations indicate that their small competitors believe they have pushed this advantage:

(*a*) In a few years the meat business will all be in the hands of the large packers; the small butcher that does his own killing will soon be a thing of the past. The large packers will stand together; they raise or lower the prices to suit themselves. If one raises the price on anything you may be sure that the others have to. Each one has his own territory. They ship meat in refrigerator cars into a town, and run the small butcher out of business by selling meat cheaper than the butcher for a while, until they have him where they want him, and he has to buy from them, or go out of the business.

(*b*) The local slaughterers must maintain prices that will permit their trade (the independent packing industry) to compete in the face of conditions that sometimes arise in which the western houses can dispose of goods in bulk at little or no profit while making up their average profit in districts entirely in their control and not capable of absorbing so great a quantity of product as the metropolitan district.

Here are given two complaints of "dumping" of meat products in two different territories:

(*a*) The unfair part of the competition of the big packers is that they sell their products here cheaper than at their nearer shipping point.

(*b*) The large packers—Swift, Armour, Cudahy, Morris, Wilson, continuously sell products in this territory at a less price than they get at ———,[1] where the stock is killed, although it costs them freight and maintenance of branch houses here extra. It is a notorious fact to persons who are acquainted with [our] territory that [this] and contiguous territory are always lower priced in meats than the balance of the State.

The following report makes a complaint of cut-throat competition:

The only competition which we would call unfair is that of Armour & Co., operating as the ——— Co., selling carcass beef at prices with which we are unable to compete, although live cattle are purchased on this market the same as ours. They are new in the beef business in this market and we consider that they take this means to get started. Their prices are from one to one and a half cents per pound lower than ours on the same quality of meat.

Another complaint is that:

Occasionally we have competition from large packers who demand that their customers patronize their entire line of products, otherwise they will not sell an exclusive line.

The following reports allege that the big packers control the prices which the small slaughterers are able to get for their hides and skins through their control over the large tanneries of the country.

(*a*) The large Chicago packers take advantage of us in hide buying as they control the country prices. They own all the large tanneries.

(*b*) About the only advantage the big packer has is that * * * we have to sell our hides to them at 12 cents per pound, while the market for the packer is now from 25 to 30 cents per pound.

(*c*) Advantage the large packer has over all country butchers * * * the hides are sold to the tanneries that are controlled by the packers and I am satisfied that they receive 5 cents to 8 cents more per lb. on each hide and the by-products are saved by them. They make oleo out of their tallow which nets them a big profit.

In the live stock buying end of the business also, these reports of small slaughterers allege that the market and prices are controlled by the large packers. Here are given three sample reports.

(*a*) The large dealers, packers, and speculators fix the price that we are compelled to go by.

(*b*) At present they [the large packers] have the lamb market pretty much under their control. You can notice this in the decrease in our slaughter of the sheep and lambs.

(*c*) The big packers and dealers seemingly control the conditions, for I have always had to buy by the market quotations governed by them.

EXHIBIT VII.

MONTHLY STOCKS OF FROZEN BEEF, SMOKED HAM AND BACON, DRY SALT PORK, PICKLED PORK, LARD, AND LARD COMPOUNDS AND SUBSTITUTES HELD BY INTERSTATE SLAUGHTERERS, JANUARY 31, 1916, TO JULY 31, 1917.

The following tables show the monthly stocks reported to the Federal Trade Commission by all interstate slaughterers, covering

[1] Name of territory withheld for protection of writer.

frozen beef, smoked ham and bacon, dry salt pork, pickled pork, lard and lard compounds and substitutes, from January 31, 1916, to July 31, 1917. They are subdivided to show stocks held by the Big Five and by all other interstate slaughterers and the proportion controlled by each of these groups.

TABLE X.—*Interstate slaughterers—Proportion of frozen beef held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916.						
Jan. 31	91,396,786	96.9	2,895,241	3.1	94,293,027	100.00
Feb. 29	78,839,489	96.5	2,835,592	3.5	81,674,081	100.00
Mar. 31	68,594,159	96.0	2,891,067	4.0	71,485,226	100.00
Apr. 30	58,488,304	95.8	2,583,812	4.2	61,072,116	100.00
May 31	37,199,776	94.0	2,357,379	6.0	39,557,155	100.00
June 30	14,255,261	86.3	2,271,573	13.7	16,526,834	100.00
July 31	18,213,040	90.8	1,845,945	9.2	20,058,985	100.00
Aug. 31	25,933,965	93.6	1,760,603	6.4	27,694,568	100.00
Sept. 30	39,504,878	95.1	2,051,305	4.9	41,556,183	100.00
Oct. 31	73,516,611	96.0	3,074,109	4.0	76,590,720	100.00
Nov. 30	102,772,902	94.7	5,746,692	5.3	108,519,594	100.00
Dec. 31	141,711,913	93.8	9,440,752	6.2	151,152,665	100.00
1917.						
Jan. 31	138,019,075	94.4	8,122,266	5.6	146,141,341	100.00
Feb. 28	126,080,094	94.2	7,731,872	5.8	133,811,966	100.00
Mar. 31	99,551,144	94.4	5,953,877	5.6	105,505,027	100.00
Apr. 30	69,038,770	93.3	4,956,726	6.7	73,995,496	100.00
May 31	57,587,564	93.3	4,144,554	6.7	61,732,118	100.00
June 30	64,245,966	92.7	5,077,318	7.3	69,323,284	100.00
July 31	63,343,135	91.7	5,724,321	8.3	69,067,456	100.00

TABLE XI.—*Interstate slaughterers—Proportion of smoked ham and bacon held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916.						
Jan. 31	8,666,152	62.3	5,234,112	37.7	13,903,264	100.00
Feb. 29	9,236,016	62.3	5,595,295	37.7	14,831,311	100.00
Mar. 31	10,947,287	63.7	6,230,169	36.3	17,177,453	100.00
Apr. 30	10,823,822	62.2	6,576,564	37.8	17,400,383	100.00
May 31	10,821,180	60.9	6,959,959	39.1	17,781,139	100.00
June 30	11,738,769	62.9	6,913,545	37.1	18,652,314	100.00
July 31	12,205,082	64.4	6,753,957	35.6	18,959,039	100.00
Aug. 31	11,361,407	65.2	6,056,539	34.8	17,417,946	100.00
Sept. 30	12,158,735	66.6	6,097,685	33.4	18,256,420	100.00
Oct. 31	11,278,833	66.7	5,633,385	33.3	16,912,218	100.00
Nov. 30	10,021,925	66.3	5,095,043	33.7	15,116,968	100.00
Dec. 31	9,169,610	65.9	4,737,519	34.1	13,907,129	100.00
1917						
Jan. 31	9,470,242	60.3	6,241,656	39.7	15,711,898	100.00
Feb. 28	10,079,986	64.1	5,649,888	35.9	15,729,874	100.00
Mar. 31	12,112,658	65.1	6,497,829	34.9	18,610,487	100.00
Apr. 30	11,472,870	64.1	6,430,937	35.9	17,903,807	100.00
May 31	11,007,681	62.3	6,663,906	37.7	17,671,587	100.00
June 30	10,937,527	60.0	7,292,007	40.0	18,229,534	100.00
July 31	11,378,328	63.4	6,580,557	36.6	17,958,885	100.00

TABLE XII.—*Interstate slaughterers—Proportion of dry salt pork held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916.						
Jan. 31	133,731,809	63.3	77,571,169	36.7	211,302,978	100.00
Feb. 29	160,055,844	63.9	90,563,352	36.1	250,619,196	100.00
Mar. 31	164,382,431	66.9	81,238,645	33.1	245,621,076	100.00
Apr. 30	160,997,518	68.8	72,892,915	31.2	233,890,433	100.00
May 31	159,718,715	71.2	64,534,654	28.8	224,253,369	100.00
June 30	157,850,325	72.9	58,531,586	27.1	216,381,911	100.00
July 31	160,725,339	72.6	60,804,030	27.4	221,529,369	100.00
Aug. 31	139,454,265	72.8	52,099,100	27.2	191,553,365	100.00
Sept. 30	111,977,990	76.2	34,997,831	23.8	146,975,821	100.00
Oct. 31	95,233,528	74.2	33,175,533	25.8	128,409,061	100.00
Nov. 30	111,884,122	71.1	45,578,532	28.9	157,462,654	100.00
Dec. 31	148,816,896	69.1	66,606,441	30.9	215,423,337	100.00
1917						
Jan. 31	159,072,664	67.4	76,816,345	32.6	235,890,009	100.00
Feb. 28	171,062,751	68.9	77,344,720	31.1	248,407,471	100.00
Mar. 31	159,663,653	70.7	66,242,129	29.3	225,905,782	100.00
Apr. 30	151,093,688	71.5	60,296,796	28.5	211,390,484	100.00
May 31	147,692,288	71.6	58,659,826	28.4	206,352,114	100.00
June 30	155,757,675	72.5	59,021,365	27.5	214,779,040	100.00
July 31	168,488,327	74.7	57,180,527	25.3	225,668,854	100.00

TABLE XIII.—*Interstate slaughterers—Proportion of pickled pork held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five.		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916						
Jan. 31	215,500,297	66.2	110,060,849	33.8	325,561,146	100.00
Feb. 29	245,517,459	68.3	114,062,855	31.7	359,580,314	100.00
Mar. 31	251,956,301	68.2	117,745,313	31.8	369,701,614	100.00
Apr. 30	247,643,810	69.8	107,260,285	30.2	354,904,095	100.00
May 31	249,576,245	71.5	99,363,528	28.5	348,939,773	100.00
June 30	255,370,473	71.4	102,101,342	28.6	357,471,815	100.00
July 31	245,689,110	73.6	88,017,315	26.4	333,706,425	100.00
Aug. 31	208,516,935	72.7	78,208,262	27.3	286,725,197	100.00
Sept. 30	170,009,229	72.6	64,162,063	27.4	234,171,292	100.00
Oct. 31	147,984,133	72.5	56,158,494	27.5	204,142,627	100.00
Nov. 30	175,035,296	71.6	69,579,359	28.4	244,614,655	100.00
Dec. 31	225,846,417	69.4	99,676,773	30.6	325,523,190	100.00
1917						
Jan. 31	256,064,494	70.3	107,949,789	29.7	364,014,283	100.00
Feb. 28	252,655,790	69.4	111,316,735	30.6	363,972,525	100.00
Mar. 31	247,008,202	69.0	111,096,406	31.0	358,104,608	100.00
Apr. 30	256,643,641	70.1	109,457,156	29.9	366,100,797	100.00
May 31	269,229,039	71.1	109,634,005	28.9	378,863,041	100.00
June 30	276,476,627	70.3	116,717,941	29.7	393,194,568	100.00
July 31	273,363,513	72.8	102,198,220	27.2	375,561,733	100.00

Table XIV.—*Interstate slaughterers—Proportion of lard held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five		All other.		Total interstate slaughterers.	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds.	Per cent.
1916.						
Jan. 31	63,681,043	71.7	25,092,816	28.3	88,773,859	100.00
Feb. 29	65,996,244	69.9	28,404,001	30.1	94,400,245	100.00
Mar. 31	61,496,614	65.8	31,893,831	34.2	93,390,445	100.00
Apr. 30	53,988,393	66.2	27,603,527	33.8	81,591,920	100.00
May 31	50,178,860	69.5	22,055,471	30.5	72,234,331	100.00
June 30	58,345,174	73.0	21,592,286	27.0	79,937,460	100.00
July 31	67,229,763	75.5	21,760,439	24.5	88,990,202	100.00
Aug. 31	63,951,327	80.9	15,126,267	19.1	79,077,594	100.00
Sept. 30	72,986,605	88.1	9,886,392	11.9	82,872,997	100.00
Oct. 31	63,154,148	89.0	7,790,575	11.0	70,944,723	100.00
Nov. 30	57,435,818	82.0	12,631,564	18.0	70,067,382	100.00
Dec. 31	78,087,256	80.9	18,401,164	19.1	96,488,420	100.00
1917.						
Jan. 31	83,764,911	78.6	22,792,699	21.4	106,557,610	100.00
Feb. 28	72,400,493	77.6	20,911,714	22.4	93,312,207	100.00
Mar. 31	64,542,567	77.4	18,845,706	22.6	83,388,273	100.00
Apr. 30	55,723,436	74.2	19,406,403	25.8	75,129,839	100.00
May 31	62,516,435	72.9	23,241,948	27.1	85,758,383	100.00
June 30	73,826,047	71.7	29,144,011	28.3	102,970,058	100.00
July 31	85,910,694	75.3	28,206,123	24.7	114,116,817	100.00

Table XV.—*Interstate slaughterers—Proportion of lard compounds and substitutes held by the Big Five, stock taken at monthly intervals, Jan. 31, 1916, to July 31, 1917.*

	Big Five		All other.		Total interstate slaughterers	
	Pounds.	Per cent.	Pounds.	Per cent.	Pounds	Per cent.
1916						
Jan. 31	20,529,448	89.7	2,356,937	10.3	22,886,385	100.00
Feb. 29	21,207,745	91.6	1,952,637	8.4	23,160,382	100.00
Mar. 31	24,068,728	92.3	2,014,201	7.7	26,082,929	100.00
Apr. 30	23,553,534	92.7	1,851,859	7.3	25,405,393	100.00
May 31	22,566,140	92.5	1,831,542	7.5	24,397,682	100.00
June 30	20,323,497	92.0	1,766,870	8.0	22,090,367	100.00
July 31	18,428,261	91.3	1,748,150	8.7	20,176,411	100.00
Aug. 31	13,781,145	89.3	1,654,445	10.7	15,435,590	100.00
Sept. 30	13,748,673	87.6	1,940,413	12.4	15,689,086	100.00
Oct. 31	16,348,855	89.8	1,860,745	10.2	18,209,600	100.00
Nov. 30	20,655,288	90.4	2,199,831	9.6	22,855,119	100.00
Dec. 31	22,129,528	90.2	2,411,289	9.8	24,540,817	100.00
1917						
Jan. 31	21,845,458	89.2	2,653,474	10.8	24,498,932	100.00
Feb. 28	23,792,978	89.7	2,739,734	10.3	26,532,712	100.00
Mar. 31	30,634,512	90.9	3,048,926	9.1	33,683,438	100.00
Apr. 30	34,408,268	90.7	3,514,773	9.3	37,923,041	100.00
May 31	34,699,173	90.8	3,509,989	9.2	38,209,162	100.00
June 30	31,652,595	91.2	3,059,763	8.8	34,712,358	100.00
July 31	24,064,911	91.0	2,390,056	9.0	26,454,967	100.00

EXHIBIT VIII.

MONTHLY FLUCTUATION OF STOCKS OF FROZEN BEEF, SMOKED HAM AND BACON, DRY SALT PORK, PICKLED PORK, LARD, AND LARD COMPOUNDS AND SUBSTITUTES HELD BY INTERSTATE SLAUGHTERERS, JANUARY 31, 1916, TO JULY 31, 1917.

The following tables show the monthly fluctuations in the stocks of frozen beef, smoked ham and bacon, dry salt pork, pickled pork, lard, and lard compounds, and substitutes shown in the exhibit just preceding. Only the ratios, based on the absolute figures in Exhibit VII, are given. Table XVI is arranged so as to compare the stocks for the entire period with those on hand January 31, 1916; and Table XVII, so as to compare the movement from January to July, 1916, with that from January to July, 1917:

TABLE XVI.—*Monthly fluctuations of stocks of meats and provisions shown in Tables X to XV for first 7 months of 1916 and of 1917.*

(Ratios based on Jan. 31 of each year.)

	Frozen beef.						Smoked ham and bacon.					
	1916			1917			1916			1917		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29 (28)	86.3	97.9	86.6	91.3	95.2	91.6	106.6	106.9	106.7	106.4	90.5	100.1
Mar. 31	75.1	99.9	75.8	72.1	73.3	72.2	126.3	119.0	123.6	127.9	104.1	118.4
Apr. 30	64.0	89.2	64.8	50.0	61.0	50.6	124.9	125.6	125.2	121.1	103.0	114.0
May 31	40.7	81.4	42.0	41.7	51.0	42.2	124.9	133.0	127.9	116.2	106.8	112.5
June 30	15.6	78.5	17.5	46.5	62.5	47.4	135.5	132.1	134.2	115.5	116.8	116.0
July 31	19.9	63.8	21.3	45.9	70.5	47.3	140.8	129.0	136.4	120.1	105.4	114.3

	Dry salt pork.						Pickled pork.					
	1916			1917			1916			1917		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29 (28)	119.7	116.7	118.6	107.5	100.7	105.3	113.9	103.6	110.4	98.7	103.1	100.0
Mar. 31	122.9	104.7	116.2	100.4	86.2	95.8	116.9	107.0	113.6	96.5	102.9	98.4
Apr. 30	120.4	94.0	110.7	95.0	78.5	89.6	114.9	97.5	109.0	100.2	101.4	100.6
May 31	119.4	83.2	106.1	92.8	76.4	87.5	115.8	90.3	107.2	105.1	101.6	104.1
June 30	118.0	75.5	102.4	97.9	76.8	91.1	118.5	92.8	109.8	108.0	108.1	108.0
July 31	120.2	78.4	104.8	105.9	74.4	95.7	114.0	80.0	102.5	106.8	94.7	103.2

	Lard.						Lard compounds and substitutes.					
	1916			1917			1916			1917		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29 (28)	103.6	113.2	106.3	86.4	91.7	87.6	103.3	82.8	101.2	108.9	103.3	108.3
Mar. 31	96.6	127.1	105.2	77.1	82.7	78.3	117.2	85.5	114.0	140.2	114.9	137.5
Apr. 30	84.8	110.0	91.9	66.5	85.1	70.5	114.7	78.6	111.0	157.5	132.5	154.8
May 31	78.8	87.9	81.4	75.8	102.0	80.5	109.9	77.7	106.6	158.8	132.3	156.0
June 30	91.6	86.0	90.0	88.1	127.9	96.6	99.0	75.0	96.5	144.9	115.3	147.7
July 31	105.6	86.7	100.2	102.6	123.8	107.1	89.8	74.2	88.2	110.2	90.1	108.0

TABLE XVII.—*Monthly fluctuations of stocks of meats and provisions shown in Tables X to XV for 19 months beginning Jan. 31, 1916.*

(Ratios based on January 31, 1916.)

	Frozen beef.			Smoked ham and bacon.			Dry salt pork.		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.
1916.									
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29	86.3	97.9	86.6	106.6	106.9	106.7	119.7	116.7	118.6
Mar. 31	75.1	99.9	75.8	126.3	119.0	123.6	122.9	104.7	116.2
Apr. 30	64.0	89.2	64.8	124.9	125.6	125.2	120.4	94.0	110.7
May 31	40.7	81.4	42.0	124.9	133.0	127.9	119.4	83.2	106.1
June 30	15.6	78.5	17.5	135.5	132.1	134.2	118.0	75.5	102.4
July 31	19.9	63.8	21.3	140.8	129.0	136.4	120.2	78.4	104.8
Aug. 31	28.4	60.8	29.4	131.1	115.7	125.3	104.3	67.2	90.7
Sept. 30	43.2	70.9	44.1	140.3	116.5	131.3	83.7	45.1	69.6
Oct. 31	80.4	106.2	81.2	130.1	107.6	121.7	71.2	42.8	60.8
Nov. 30	112.4	198.5	115.1	115.6	97.3	108.8	83.7	58.8	74.5
Dec. 31	155.1	326.1	160.3	105.8	90.5	100.0	111.3	85.9	101.9
1917.									
Jan. 31	151.0	280.5	155.0	109.3	119.2	113.0	118.9	99.0	111.6
Feb. 28	137.9	267.1	141.9	116.3	107.9	113.2	127.9	99.7	117.6
Mar. 31	108.9	205.6	111.9	139.8	124.1	133.9	119.4	85.4	106.9
Apr. 30	75.5	171.2	78.5	132.4	122.9	128.8	113.0	77.7	100.0
May 31	63.0	143.2	65.5	127.0	127.3	127.1	110.4	75.6	97.7
June 30	70.3	175.4	73.5	126.2	139.3	131.1	116.5	76.1	101.6
July 31	69.3	197.7	73.2	131.3	125.7	129.2	126.0	73.7	106.8

	Pickled pork.			Lard.			Lard compounds and substitutes.		
	Big Five.	All other.	Total.	Big Five.	All other.	Total.	Big Five.	All other.	Total.
1916.									
Jan. 31	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Feb. 29	113.9	103.6	110.4	103.6	113.2	106.3	103.3	82.8	101.2
Mar. 31	116.9	107.0	113.6	96.6	127.1	105.2	117.2	85.5	114.0
Apr. 30	114.9	97.5	109.0	84.8	110.0	91.9	114.7	78.6	111.0
May 31	115.8	90.3	107.2	78.8	87.9	81.4	109.9	77.7	106.6
June 30	118.5	92.8	109.8	91.6	86.0	90.0	99.0	75.0	96.5
July 31	114.0	80.0	102.5	105.6	86.7	100.2	89.8	74.2	88.2
Aug. 31	96.8	71.1	88.1	100.4	60.3	89.1	67.1	70.2	67.4
Sept. 30	78.9	58.3	71.9	114.6	39.4	93.4	67.0	82.3	68.6
Oct. 31	68.7	51.0	62.7	99.2	31.0	79.9	79.6	78.9	79.6
Nov. 30	81.2	63.2	75.1	90.2	50.3	78.9	100.6	93.3	99.9
Dec. 31	104.8	90.6	100.0	122.6	73.3	108.7	107.8	102.3	107.2
1917.									
Jan. 31	118.8	98.1	111.8	131.5	90.8	120.0	106.4	112.6	107.0
Feb. 28	117.2	101.1	111.8	113.7	83.3	105.1	115.9	116.2	115.9
Mar. 31	114.6	100.9	110.0	101.4	75.1	93.9	149.2	129.4	147.2
Apr. 30	119.1	99.5	112.5	87.5	77.3	84.6	167.6	149.1	165.7
May 31	124.9	99.6	116.4	99.7	92.6	96.6	169.0	148.9	167.0
June 30	128.3	106.0	120.8	115.9	116.1	116.0	154.2	129.8	151.7
July 31	126.9	92.9	115.4	134.9	112.4	128.5	117.2	101.4	115.6

Exhibit IX.

LIST OF INTERSTATE SLAUGHTERING COMPANIES CONTROLLED BY THE BIG FIVE PACKERS, AS OF JANUARY 1, 1908, TOGETHER WITH LOCATION OF PLANTS.

This exhibit shows in detail the interstate slaughtering companies and the plants covered by the figures in Table 17 (p. 128). These are the interstate slaughtering companies and plants controlled as of January 1, 1908, by the five principal packers and their affiliated interests. The list is made up of (*a*) the parent companies, with their plants; (*b*) the companies controlled directly by the parent companies; (*c*) the companies controlled by individuals closely associated with the parent companies; (*d*) the companies controlled on January 1, 1908, by the National Packing Co. and subsequently distributed on the liquidation of the company in 1912 to Swift & Co., Armour & Co., and Morris & Co. in the proportion of their interest in the company. These National Packing Co. companies are listed here under the companies to which they were distributed in 1912.

The list is as follows:

SWIFT & CO. INTERESTS.

(1) Swift & Co.: Chicago, Ill.; Kansas City, Kans.; South Omaha, Nebr.; National Stock Yards, Ill. (East St. Louis); South St. Joseph, Mo.; South St. Paul, Minn.; Fort Worth, Tex.; Kearny, N. J. (Newark); New York, N. Y.

(2) Companies controlled by Swift & Co.:
- People's Packing Co., Cleveland, Ohio.
- Brelsford Packing & Provision Co., Harrisburg, Pa.

(3) Swift interests:
- North Packing & Provision Co.,[1] Boston, Mass.
- White, Pevey & Dexter, Worcester, Mass.
- Springfield Provision Co., Springfield, Mass.
- Sperry & Barnes Co., New Haven, Conn.
- S. S. Learnard & Co., Boston, Mass.
- New England Dressed Meat & Wool Co., Boston, Mass.
- New England Dressed Meat & Wool Co., East Buffalo, N. Y.
- Consolidated Rendering Co., Boston, Mass. (2 plants).
- Western Meat Co., San Francisco, Cal.
- Union Meat Co., Portland, Oreg.

(4) National Packing Co. companies acquired by Swift & Co.:
- G. H. Hammond Co., Chicago, Ill.
- Omaha Packing Co., Chicago, Ill.
- Plankinton Packing Co., Milwaukee, Wis.
- St. Louis Dressed Beef & Provision Co., St. Louis, Mo.
- Western Packing Co., Denver, Colo.
- United Dressed Beef Co., New York, N. Y.
- Sturtevant & Haley, Somerville, Mass.

ARMOUR & CO. INTERESTS.

(1) Armour & Co. of Illinois or Armour & Co. of New Jersey: Chicago, Ill.; South Omaha, Nebr.; National Stock Yards, Ill. (East St. Louis); Sioux City, Iowa; Fort Worth, Tex.

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[1] Slaughtered also for John P. Squire & Co., which was controlled by Swift interests in 1908.

(2) Companies owned by Armour & Co.:
Armour Packing Co., Kansas City, Kans.
Armstrong Packing Co., Dallas, Tex.
Kentucky Packing Co., Louisville, Ky.
(3) National Packing Co., companies acquired by Armour & Co.:
Anglo-American Provision Co., Chicago, Ill.
Fowler Packing Co., Kansas City, Mo.
Ruddy Bros. Co., Kansas City, Kans.
Hammond Packing Co., South St. Joseph, Mo.
Colorado Packing & Provision Co., Denver, Colo.
New York Butchers' Dressed Meat Co., New York City.

MORRIS & CO. INTERESTS.

(1) Morris & Co.: Chicago, Ill.; National Stock Yards, Ill. (East St. Louis); Kansas City, Kans.; South St. Joseph, Mo.
(2) National Packing Co., companies acquired by Morris & Co.:
Omaha Packing Co., South Omaha, Nebr.
Hutchinson Packing Co.,[1] Hutchinson, Kans.

WILSON & CO., INC., INTERESTS.

(1) Schwarzschild & Sulzberger Co. (predecessor of Wilson & Co., Inc.), Chicago, Ill.: Kansas City, Kans.; New York, N. Y.; Haverhill, Mass.

CUDAHY PACKING CO. INTERESTS.

(1) Cudahy Packing Co., Kansas City, Kans.; South Omaha, Nebr.; Sioux City, Iowa; Wichita, Kans.; Los Angeles, Cal.

Exhibit X.

BIG FIVE INVESTMENT IN BRANCH HOUSES, CLASSIFIED AS TO LAND, BUILDINGS, EQUIPMENT, ETC., 1916.

Exact classification of the branch-house investment of the Big Five so as to distinguish investment in land, in buildings, in equipment, etc., is difficult because the property accounts kept by the five companies are not uniform in arrangement or terminology. The various items are, therefore, given in the following table substantially according to the classifications under which they were reported by the companies.

As pointed out in the notes to tables on pages 149–151 of the text, where the totals of this table are considered, the figures of investment have not been verified by the Commission.

[1] Small in size; arbitrarily thrown with Morris & Co. figures.

TABLE XVIII.—*Domestic branch houses of Big Five—Book value,[1] with classification of items as reported, 1916.[2]*

[See qualifications stated in text, page 148. "Comparable totals" represent total investment for branch houses where both land and buildings are owned.]

	Number of branches.	Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.
Swift & Co.:					
Total	[3] 367	$1,829,424.45			
Comparable total	151	1,675,395.42			
Armour & Co.:					
Total	[3] 363	2,730,975.18			$8,691,728.25
Comparable total	185	2,276,406.07			6,174,990.26
Morris & Co.:					
Total	[3] 154		$1,452,749.23		[4] 552,938.91
Comparable total	45		1,268,999.96		
Wilson & Co., Inc.:					
Total	[3] 121	455,545.21			[5] 1,744,455.24
Comparable total	28	397,695.21			[5] 884,985.88
Cudahy Packing Co.:					
Total	[3] 115	238,963.67		$1,100,791.72	778,446.26
Comparable total	23	207,070.97			768,306.26
Big Five:					
Total	[3] 1,120	5,254,908.51	1,452,749.23	1,100,791.72	11,767,568.66
Comparable total	432	4,556,567.67	1,268,999.96		7,828,282.40

	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.
Swift & Co.:					
Total	$9,747,773.22				$11,577,197.67
Comparable total	6,361,924.51				8,037,319.93
Armour & Co.:					
Total					11,422,703.43
Comparable total					8,451,396.33
Morris & Co.:					
Total		$416,629.77		$284,642.70	2,706,960.61
Comparable total				100,956.39	1,369,956.35
Wilson & Co., Inc.:					
Total					2,200,000.45
Comparable total					1,282,681.09
Cudahy Packing Co.:					
Total			$250,486.68		2,368,688.33
Comparable total			67,696.73		1,043,073.96
Big Five:					
Total	9,747,773.22	416,629.77	250,486.68	284,642.70	30,275,550.49
Comparable total	6,361,924.51		67,696.73	100,956.39	20,184,427.66

[1] Not verified by commission. A thorough audit might modify these figures.
[2] Fiscal year nearest to calendar year 1916.
[3] Number of branches does not correspond exactly with itemized figures of branch-house investment.
[4] Buildings and fixtures.
[5] Buildings and permanent fixtures.

EXHIBIT XI.

BOOK VALUE OF EACH BRANCH HOUSE OF THE BIG FIVE IN NEW YORK, BOSTON, PHILADELPHIA, WASHINGTON, ATLANTA, AND CHICAGO, WITH SALES AND RELATION OF INVESTMENT TO SALES, 1916.

The following tables show the book value of each branch house of the Big Five in six important cities. The sales are also given, and the relation of the investment thereto. For convenience a separate table is given for each city. It should be noted that the value of investment here shown is that carried on the books of the companies and has not been verified by the Commission. The data are, for each company, as of its fiscal year nearest to the calendar year 1916, their years ending at various dates from the end of September to December 31. In the case of New York City and Boston particularly, there are a number of important branch houses in the outlying metropolitan districts which are not included here.

TABLE XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916.*[1]

["Comparable totals" in *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value.									Sales.	Investment per dollar of sales.
	Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.		
BOSTON.											
Swift & Co.:											
Clinton Market Provision Co.									(2)	$714,859.97	
N. E. Hollis & Co.									(2)	4,039,753.91	
E. C. Swift & Co.									(2)	3,226,895.55	
Central office.										(2)	
G. F. Swift & Co.									(2)	1,222,027.27	
B. A. Plumley & Co.										(2)	
Swift Beef Co.									(2)	1,234,688.76	
Hammond Beef Co.										(2)	
Total										10,438,225.46	
Comparable total											
Armour & Co.:											
City Square									(2)	1,095,210.84	
25-27 Warren Ave.	Leased.			$37,014.49					$37,014.49	(2)	
109 Clinton Market	Leased.			8,431.04					8,431.04	1,394,912.83	
6 Fulton Street									(2)	1,873,188.98	
43 Commercial Street	Leased.			260.67					260.67	(2)	
1 John Street	Leased.			3,728.57					3,728.57	(2)	
44 Merchants Row	Leased.			204.99					204.99	(2)	
New England Dressed Beef Co.	Leased.			17,610.94					17,610.94	959,694.42	
Berkeley Street	Leased.			1,885.72					1,885.72	(2)	
Total				69,136.42					69,136.42	5,323,007.07	$0.013
Comparable total											
Morris & Co.:											
Beef Branch	Leased.		Leased.			$13,728.37			13,728.37	1,346,893.31	
35 Fulton Street	Leased.		Leased.			20,546.72			20,546.72	1,150,212.45	
105 North Street	Leased.		Leased.						(2)	(2)	
Chamberlain & Co., Inc.									(2)	(2)	

[1] Fiscal year nearest to calendar year, 1916.

[2] Not reported.

TABLE XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916*—Continued.

["Comparable totals" in *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value.									Sales.	Investment per dollar of sales.
	Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.		
BOSTON—continued.											
Morris & Co.—Continued.											
Corwin-Wilde									(1)	$1,009,825.87	
Donnelly & Co									(1)	941,309.13	
Total						$34,275.09			$34,275.09	4,538,240.76	$0.008
Comparable total											
Wilson & Co., Inc.:											
Blackstone Street	Leased.			$4,969.44					4,969.44	494,180.24	
North Market Street	Leased.			20,241.05					20,241.05	586,167.64	
Commercial Street	Leased.			21,773.60					21,773.60	2,064,463.88	
South Market Street	Leased.			11,279.20					11,279.20	625,988.20	
Total				58,263.29					58,263.29	3,770,749.96	.015
Comparable total											
Cudahy Packing Co.:											
Blackstone Street	Leased.		$22,108.91				$1,228.93		23,337.84	1,202,015.09	
Clinton Market	Leased.		10,406.76				362.56		10,769.32	1,120,572.44	
Fulton Street	Leased.		5,982.08				224.68		6,206.76	902,161.91	
Merchants Row	Leased.		25,793.76				2,284.34		28,078.10	1,183,390.51	
North Street	Leased.		11,000.00						11,000.00	1,059,301.21	
South Boston	Leased.		45,968.76				7,391.73		53,360.49	1,239,406.78	
Commercial Wharf	Leased.		Leased.				1,432.85		1,432.85	(1)	
Total			121,260.27				12,925.09		134,185.36	6,706,847.94	.020
Comparable total											
NEW YORK DISTRICT.											
Swift & Co.:											
New York and Brooklyn, N. Y.—											
Atlantic Avenue Market					$6,014.20				6,014.20	670,073.43	
Barclay Street Market					23,041.12				23,041.12	1,525,821.08	
Brooklyn Market	$20,000.00				41,693.10				61,693.10	1,948,778.26	

East Side Market									(1)	3,870,293.27	
Eleventh Avenue Market					15,551.85				15,551.85	1,082,779.95	
Fort Greene Sheep Market	14,038.00				20,211.90				34,249.90	859,838.69	
Fort Greene, Swift & Co., successor					7,763.09				7,763.09	653,992.49	
Gansevoort Market					37,841.83				37,841.83	2,115,651.65	
Manhattan Market					8,355.02				8,355.02	582,455.60	
Murray Hill Market					33,050.32				33,050.32	1,083,110.32	
Thirteenth Street Market					126,424.17				126,424.17	3,582,453.64	
Geo. Hotchkiss Co. (Ltd.)					11,659.28				11,659.28	(1)	
Wallabout Packing Co. Market					7,732.96				7,732.96	1,321,916.22	
West Harlem Market					21,813.99				21,813.99	1,777,265.03	
West Thirty-ninth Street Market										(1)	
Westchester Avenue Market	32,780.99				273,872.92				306,653.91	3,163,483.78	
West Washington Market					16,460.38				16,460.38	1,428,403.69	
Williamsburg Market	32,097.02				157,070.68				189,173.70	2,687,696.82	
Williamsburg Market, Swift & Co., successor	6,000.00				26,827.71				32,827.71	(1)	
Omaha Packing Co., Inc., N. Y.					414.08				414.08	282,820.18	
Total New York and Brooklyn, N. Y.	104,916.01				835,804.60				940,720.61	28,546,494.60	033
Comparable total	*98,916.01*				*492,854.60*				*591,770.61*	*8,859,487.25*	*063*
Hoboken, N. J.	3,200.00				41,029.55				44,229.55	1,215,489.63	
Jersey City, N. J.—											
Wayne Street										(1)	
Packing House Market					4,765.87				4,765.87	3,325,618.69	
Total Jersey City, N. J.					4,765.87				4,765.87	3,325,618.69	
Total Greater New York	108,116.01				881,600.02				989,716.03	33,087,602.92	030
Comparable total	*102,116.01*				*533,884.15*				*636,000.16*	*9,874,946.58*	*064*
Newark, N. J.										2,774,416.60	
Orange, N. J.	17,081.00				41,381.89				58,462.89	1,685,463.55	
Total New York district	125,197.01				922,981.91				1,048,178.92	37,547,483.07	028
Comparable total	*119,197.01*				*575,266.04*				*694,463.05*	*11,500,410.43*	*060*
Armour & Co.:											
New York, N. Y.[2]—											
Brook Avenue—Armour & Co. and Armour Packing Co.	63,610.66			131,847.69					195,458.35	3,485,546.77	
Adams Bros. Co., West Washington Market	Leased			17,750.75					17,750.75	1,106,729.94	
825 Greenwich Avenue	Leased.			7,044.48					7,044.48	3,245,273.28	
Atlantic Hotel Supply Co., 676 Hudson Street	Leased.			27,485.79					27,485.79	823,470.50	

[1] Not reported.

[2] New York, N. Y., foreign department, 120 Broadway, sales, $1,478,639.43, excluded.

TABLE XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916*—Continued.

["Comparable totals" in *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value.									Sales.	Investment per dollar of sales.
	Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.		
NEW YORK DISTRICT—continued.											
Armour & Co.—Continued.											
New York, N. Y.—Continued.											
German-American Provision Co., 152 Reade Street	Leased.			$123.76					$123.76	$287,924.23	
Tenth Avenue	Leased.			9,600.49					9,690.49	1,646,601.64	
G. H. Hammond Co., 52 Tenth Avenue	Leased.			55,060.88					55,060.88	2,545,136.07	
614 West Thirty-fifth Street Market	Leased.			30,462.35					30,462.35	1,869,900.79	
West Harlem	Leased.			2,012.47					2,012.47	1,182,523.63	
527 West Street									(1)	830,080.60	
Total New York, N. Y	$63,610.66			281,478.66					345,089.32	17,023,187.45	$0.020
Comparable total	*63,610.66*			*131,847.69*					*195,458.35*	*3,485,546.77*	*.056*
Brooklyn, N. Y.—											
30 Snediker Avenue	Leased.			16,311.01					16,311.01	(1)	
199 Fort Greene	$70,794.57			175,232.41					246,026.98	2,913,181.78	
186 Fort Greene	7,500.00			16,397.85					23,897.85	(1)	
96 North Sixth Street	21,281.94			75,883.75					97,165.69	1,502,052.16	
313 Thirty-ninth Street	14,850.00			37,130.42					51,980.42	951,064.90	
321 Thirty-ninth Street	9,258.00			2,564.52					11,822.52	(1)	
162 Fort Greene	Leased.			10,441.52					10,441.52	702,259.84	
Total Brooklyn, N. Y	123,684.51			333,961.48					457,645.99	6,068,548.68	.075
Comparable total	*106,926.51*			*288,246.58*					*395,173.09*	*5,306,288.84*	*.074*
Jersey City, N. J.—											
408 Henderson Street	Leased.			47,026.94					47,026.94	1,200,687.27	
Armour Packing Co.	Leased.			14,782.58					14,782.58	854,641.61	
666 Henderson Street									(1)	624,164.94	
(Hoboken)	Leased.			7,182.30					7,182.30	(1)	
Total Jersey City, N. J				68,991.82					68,991.82	2,679,493.82	.026
Comparable total											
Total Greater New York	187,295.17			684,431.96					871,727.13	[2] 25,771,229.95	.034
Comparable total	*170,537.17*			*420,094.27*					*590,631.44*	[2] *8,851,836.61*	*.067*

East Orange, N. J.	7,875.00			15,215.52					23,090.52	476,462.76	
Jamaica, N. Y.	20,000.00			7,559.50					27,559.50	758,693.87	
Newark, N. J.—											
4 Lackawanna Avenue	7,875.00			33,445.98					41,320.98	635,416.53	
31 Ward Street	22,500.00			30,065.47					52,565.47	1,138,386.45	
Total Newark, N. J.	30,375.00			63,511.45					93,886.45	1,773,802.98	.053
Comparable total	*30,375.00*			*63,511.45*					*93,886.45*	*1,773,802.98*	*.053*
Total New York district	245,545.17			770,718.43					1,016,263.60	[2] 28,220,189.56	.035
Comparable total	*228,787.17*			*506,380.74*		—			*735,167.91*	[2] *11,860,796.22*	*.062*
Morris & Co.:											
New York and Brooklyn, N. Y.—											
Brooklyn Market	Owned.	$49,396.41	Owned.						49,396.41	816,489.87	
Gansevoort Market	Leased.		Leased.			$13,636.28			13,636.28	1,031,538.39	
Harlem Market	Leased.		Owned.	18,603.34					18,603.34	856,841.93	
Manhattan Market	Leased.		Leased.			11,608.72			11,608.72	550,669.83	
National Hotel Supply Co.	Leased.		Leased.			11,817.09		$2,078.62	13,895.71	483,552.15	
Thirty-fifth Street and Eleventh Avenue.	Leased.		Leased.			7,386.72			7,386.72	2,493,357.22	
Thirty-fifth Street branch	Leased.		Leased.			12,712.65			12,712.65	435,640.31	
Westchester Market	Owned.	56,140.90	Owned.						56,140.90	1,284,537.61	
Williamsburg Market	Owned.	14,773.82	Owned.						14,773.82	410,471.01	
Barclay Street	Leased.		Owned.	9,330.55					9,330.55	409,211.07	
Wallabout Market	Leased.		Leased.			442.52			442.52	508,064.76	
Brooklyn Beef & Provision Co.									(1)	1,110,989.42	
Total New York and Brooklyn, N. Y.		120,311.13		27,933.89		57,603.98		2,078.62	207,927.62	10,391,363.57	.020
Comparable total		*120,311.13.*							*120,311.13*	*2,511,498.49*	*.048*
Total Greater New York		120,311.13		27,933.89		57,603.98		2,078.62	207,927.62	10,391,363.57	.020
Comparable total		*120,311.13*							*120,311.13*	*2,511,498.49*	*.048*
East Orange, N. J.—											
Condit Beef & Provision Co.									(1)	517,413.47	
Jamaica, N. Y.	Owned.	27,134.55	Owned.					2,415.44	29,549.99	769,613.84	
Newark, N. J.	Owned.	108,016.47	Owned.					7,629.24	115,645.71	1,870,770.37	
Total New York district		255,462.15		27,933.89		57,603.98		12,123.30	353,123.32	13,549,161.25	.026
Comparable total		*255,462.15*						*10,044.68*	*265,506.83*	*5,151,882.70*	*.052*
Wilson & Co., Inc.:											
New York, N. Y.—											
Barclay Street	Leased.			18,691.08					18,691.08	812,707.94	
Empire Market	Leased.			18,589.73					18,589.73	878,034.34	
Harlem Market	Leased.			6,996.00					6,996.00	755,579.60	

[1] Not reported.

[2] New York, N. Y., foreign department, 120 Broadway, sales, $1,478,639.43, excluded.

TABLE XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916*—Continued.

["Comparable totals" in *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value. Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.	Sales.	Investment per dollar of sales.
NEW YORK DISTRICT—continued.											
Wilson & Co., Inc.—Continued.											
New York, N. Y.—Continued.											
Manhattan Market No. 1	Leased.			$33,793.45					$33,793.45	$501,082.12	
Manhattan Market No. 2	Leased.			458.87					458.87	509,498.66	
Washington Market	Leased.			8,266.50					8,266.50	515,242.11	
Westchester Market	$44,830.00			58,585.45					103,415.45	994,910.08	
Total New York, N. Y	44,830.00			145,381.08					190,211.08	5,027,004.85	$0.038
Comparable total	*44,830.00*			*58,585.45*					*103,415.45*	*994,910.08*	*.104*
Brooklyn, N. Y.—											
North Sixth Street	15,000.00			31,382.12					46,382.12	1,268,132.22	
Pacific Street	4,900.00			19,316.93					24,216.93	592,884.06	
Wallabout Market	Leased.			22,780.00					22,780.00	758,941.11	
Boerum Street	Leased.			2,324.75					2,324.75	(1)	
Total, Brooklyn, N. Y	19,900.00			75,803.80					95,703.80	2,619,957.39	.037
Comparable total	*19,900.00*			*50,699.05*					*70,599.05*	*1,861,016.28*	*.038*
Jersey City, N. J	7,000.00			6,765.30					13,765.30	581,951.88	
Total, Greater New York	71,730.00			227,950.18					299,680.18	8,228,914.12	.036
Comparable total	*71,730.00*			*116,049.80*					*187,779.80*	*3,437,878.24*	*.055*
Newark, N. J	30,539.75			6,754.08					37,293.83	670,235.60	
Jamaica, N. Y	5,000.00			26,789.47					31,789.47	782,665.99	
Total, New York district	107,269.75			261,493.73					368,763.48	9,681,815.71	.038
Comparable total	*107,269.75*			*149,593.35*					*256,863.10*	*4,890,779.83*	*.053*
Cudahy Packing Co.:											
New York, N. Y.—											
Gansevoort Market	Leased.		$23,917.55				$1,715.33		25,632.88	1,597,779.16	
Manhattan Market	Leased.		9,576.12				178.01		9,754.13	865,737.69	

ket	Leased.		12,946.28				262.26		13,208.54	1,024,965.66	
Thirty-fourth Street	Leased.		28,156.66				6,912.91		35,069.57	2,003,869.66	
Westchester Market	Leased.		32,464.13				3,363.05		35,827.18	1,869,566.19	
Total, New York, N. Y.			107,060.74				12,431.56		119,492.30	7,361,918.36	.016
Comparable total											
Brooklyn, N. Y.	22,900.00			35,431.30			786.66		59,117.96	1,237,388.17	
Jersey City, N. J.	Leased.		Leased.				2,728.99		2,728.99	782,052.31	
Total, Greater New York	22,900.00		107,060.74	35,431.30			15,947.21		181,339.25	9,381,358.84	.019
Comparable total	*22,900.00*			*35,431.30*			786.66		*59,117.96*	*1,237,388.17*	.04
Newark, N. J.	Leased.		5,309.83				821.55		6,131.38	516,813.11	
Total, New York district	22,900.00		112,370.57	35,431.30			16,768.76		187,470.63	9,898,171.95	.019
Comparable total	*22,900.00*			*35,431.30*			*786.66*		*59,117.96*	*1,237,388.17*	.048
PHILADELPHIA.											
Swift & Co.:											
Hammond Branch					$15,415.39				15,415.39	984,403.52	
Callowhill	23,142.68				45,525.78				68,668.46	1,227,657.01	
Noble Street Market	30,666.67				257,931.59				288,598.26	4,943,382.22	
Kensington Market	22,739.06				39,029.13				61,768.19	1,569,537.92	
Girard Avenue Market	46,807.07				191,826.49				238,633.56	3,518,380.57	
North Delaware Avenue Market					12,464.64				12,464.64	1,569,807.21	
Dock Street Market									(1)	1,036,623.72	
York Avenue Barn					17.95				17.95		
Total	123,355.48				562,210.97				685,566.45	14,849,792.17	.046
Comparable total	*123,355.48*				*534,312.99*				*657,668.47*	*11,258,967.72*	.058
Armour & Co.:											
Keystone Hotel Supply Co., 150 North Ninth Street	Leased.			961.67					961.67	311,888.10	
42 North Delaware Avenue	Leased.			4,724.74					4,724.74	1,193,215.50	
128 North Delaware Avenue	Leased.			2,481.30					2,481.30	(1)	
132 North Delaware Avenue	Leased.			10,738.40					10,738.40	1,064,696.15	
917 Noble Street	65,400.00			169,922.26					235,322.26	3,402,216.00	
213 West Morris Street	24,000.00			51,554.52					75,554.52	1,359,768.99	
Adams Bros. Co., 3038 Market Street	Leased.			7,136.99					7,136.99	1,280,685.86	
Adams Bros. Co., 232 North Delaware Avenue	Leased.			7,836.99					7,836.99	943,047.65	
Total	89,400.00			255,356.87					344,756.87	9,555,508.25	.039
Comparable total	*89,400.00*			*221,476.78*					*310,876.78*	*4,761,984.99*	.065

[1] Not reported.

TABLE XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916—Continued.*

["Comparable totals" in *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value.									Sales.	Investment per dollar of sales.
	Land.	Land, buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, wagons, and harness.	Total.		
PHILADELPHIA—continued.											
Morris & Co.:											
8 North Delaware Avenue	Leased.		Leased.			$10,996.88		$1,928.04	$12,924.92	$649,714.78	
Ninth and Girard Avenue	Leased.		Leased.			21,317.31		3,170.58	24,487.89	1,005,730.54	
26 South Delaware Avenue	Leased.		Leased.			8,763.14		2,153.93	10,917.07	714,510.53	
W. A. Millar & Co.	Owned.	$58,018.54	Owned.					3,631.41	61,649.95	1,698,180.44	
National Hotel Supply Co	Leased.		Leased.			1,200.99		1,716.76	2,917.75	391,744.49	
Total		58,018.54				42,278.32		12,600.72	112,897.58	4,459,880.78	$0.025
Comparable total		*58,018.54*						*3,631.41*	*61,649.95*	*1,698,180.44*	*.038*
Wilson & Co., Inc.											
North Delaware Avenue	Leased.			$41,475.80					41,475.80	1,073,829.25	
Vine Street	Leased.			15,532.20					15,532.20	582,348.08	
Callowhill Street	$1,675.00			40,129.66					41,804.66	1,552,330.15	
Total	1,675.00			97,137.66					98,812.66	3,208,507.48	.031
Comparable total	*1,675.00*			*40,129.66*					*41,804.66*	*1,552,330.15*	*.027*
Cudahy Packing Co.:											
	Leased.		$173,530.21				$5,026.10		178,556.31	3,170,981.83	
	6,312.40								6,312.40	(1)	
Total	6,312.40		173,530.21				5,026.10		184,868.71	3,170,981.83	.058
Comparable total											
WASHINGTON.											
Swift & Co.:											
Total					$24,218.57				24,218.57	1,579,710.58	.015
Comparable total											
Armour & Co.:											
631 B Street NW	Leased.			2,340.66					2,340.66	(1)	
Wholesale row market	Leased.			17,999.92					17,999.92	1,707,659.59	
Columbia Hotel Supply Co	Leased.			10,087.26					10,087.26	317,621.36	
Total				30,427.84					30,427.84	2,025,280.95	.015
Comparable total											

Morris & Co.:											
Total	Leased.		Leased.			446.30		782.05	1,228.44	1,091,262.02	.001
Comparable total											
Wilson & Co., Inc.:											
Total	Leased.			19,526.45					19,526.45	810,098.63	.024
Comparable total											
Cudahy Packing Co.:											
Total	Leased.		53,151.22				8,427.51		61,578.73	1,063,059.05	.058
Comparable total											
ATLANTA.											
Swift & Co.:											
Total					27,640.81				27,640.81	987,339.16	.028
Comparable total											
Armour & Co.:											
Total	Leased.			5,520.37					5,520.37	1,011,607.18	.005
Comparable total											
Morris & Co.:											
Total	Leased.		Leased.			8,708.84		2,381.52	11,090.36	610,674.10	.018
Comparable total											
Wilson & Co., Inc.:											
Total	Leased.			9,317.00					9,317.00	806,593.17	.012
Comparable total											
Cudahy Packing Co.:											
Total	Leased.		20,159.76				3,274.59		23,434.35	680,909.62	.034
Comparable total											
CHICAGO.											
Swift & Co.:											
Englewood Market	9,216.62				47,182.45				56,399.07	1,060,372.92	
Forty-first Street Market					38,911.20				38,911.20	1,060,119.75	
Fulton Market No. 14					5,048.81				5,048.81	537,449.57	
Fulton Market No. 15					5,381.87				5,381.87	575,321.22	
Lincoln Avenue Market	14,265.25				28,759.65				43,024.90	1,509,742.02	
Madison Street Market	21,726.77				38,552.32				60,279.09	1,541,738.48	
North Halsted Street Market	11,388.12				29,310.10				40,698.22	1,238,435.17	
Orleans and Illinois Street Market					1,763.87				1,763.87	(1)	
Packing House Market					2,706.69				2,706.69	9,285,711.51	
South Water Street Market					29,403.19				29,403.19	2,086,900.61	
State Street Market					3,583.62				3,583.62	1,022,638.71	
South Chicago Market	11,144.23				49,169.14				60,313.37	1,085,372.91	
South Water Street Market (successor to Omaha Packing Co.)					1,720.60				1,720.60	482,301.64	
G. H. Hammond Co., wholesale market									(1)	4,799,917.82	
Total	67,740.99				281,493.51				349,234.50	26,376,022.33	0.013
Comparable total	*67,740.99*				*192,973.66*				*260,714.65*	*6,525,661.50*	*.040*

1 Not reported.

2 Closed.

Table XIX.—*Domestic branch houses of Big Five—Book value, by classification as reported, and sales, six selected cities, 1916*—Continued

["Comparable totals" *italic* represent total of investment and sales for branch houses where both land and buildings are owned.]

Company and location of branch.	Book value. Land.	Land, Buildings, and fixtures.	Buildings.	Buildings and machinery.	Buildings, machinery, and equipment.	Fixtures.	Equipment.	Horses, Wagons, and harness.	Total.	Sales	Investment per dollar of sales.
CHICAGO—continued											
Armour & Co.											
Bowen Avenue	$23,370.00			$34,793.39					$58,163.39	$583,250.61	
6338 Wentworth Avenue	18,600.00			21,268.68					39,868.68	785,866.91	
12 Fulton Market	Leased.			2,969.09					2,969.09	487,917.27	
1303 George Street	13,900.00			19,632.07					33,532.07	875,363.06	
Michigan Avenue	7,426.50			46,278.89					53,705.39	616,568.03	
1218 North Halsted Street	24,232.50			16,434.81					40,667.31	629,701.80	
1801 North Leavitt Street	7,500.00			18,673.96					26,173.96	710,855.68	
Retail market (at plant)									(1)	336,381.11	
2617 West Madison Street	49,500.00			36,266.44					85,766.44	1,032,844.59	
233 West South Water Street	Leased.			3,355.06					3,355.06	563,429.11	
Franklin Beef & Provision Co.	Leased.			3,815.75					3,815.75	537,040.31	
Kingsbury and Illinois Streets	Leased.			1,375.83					1,375.83	(1)	
Wholesale market (at plant)									(1)	7,506,716.30	
Total	144,529.00			204,883.98					349,412.98	14,857,534.70	$0.024
Comparable total	*144,529.00*			*193,368.96*					*337,897.96*	*6,235,450.60*	*.065*
Morris & Co.:											
Packing House Market									(1)	4,471,367.20	
Blue Island	Owned	$653.58	Owned.					$3,106.19	3,759.77	298,076.74	
1535 State Street	Owned.	7,441.14	Owned.					3,383.60	10,824.74	468,190.18	
23 Fulton Market	Leased.		Leased.			$3,214.52			3,214.52	293,704.46	
22 Fulton Market, S. Hess	Leased.		Leased.			1,659.92			1,659.92	397,829.77	
16 Fulton Market, Hess & Co.	Leased.		Leased.			1,941.42			1,941.42	274,883.77	
4126 South Halsted Street	Leased.		Owned.	18,017.65				5,570.03	23,587.68	1,228,073.90	
2602 West Madison Street	Owned.	41,196.28	Owned.					5,794.68	46,990.96	1,205,589.37	
305 South Water Street	Leased.		Leased.			6,540.27		1,144.91	7,685.18	612,391.94	
South Chicago	Owned.	23,087.27	Owned.					5,401.51	28,488.78	531,187.07	
1234 North Halsted Street	Owned.	27,272.99	Owned.					4,149.54	31,422.53	795,014.26	
Total		99,651.26		18,017.65		13,356.13		28,550.46	159,575.50	10,506,896.66	.015
Comparable total		*99,651.26*						*21,535.52*	*121,186.78*	*3,398,647.62*	.036

Wilson & Co., Inc.:											
Fulton Market	Leased.	....	....	7,724.80	....	....	....	....	7,724.80	205,003.23	....
South Water Street	Leased.	....	....	25,030.40	....	....	....	....	25,030.40	850,895.24	....
South Chicago	Leased.	....	....	21,773.60	....	....	....	....	21,773.60	476,731.77	....
Oakdale Avenue	8,000.00	....	....	35,306.82	....	....	....	....	43,306.82	877,356.56	....
Wholesale market	....	....	....	....	....	....	....	....	(1)	6,979,106.15	....
Total	8,000.00	....	....	89,835.62	....	....	....	....	97,835.62	9,389,152.95	.010
Comparable total	*8,000.00*	....	....	*35,306.82*	....	....	....	....	*43,306.82*	*877,356.56*	*.049*
Cudahy Packing Co.:											
East Illinois Street (warehouse)	Leased.	....	$4,966.03	....	....	....	$251.99	....	5,218.02	....	....
Chicago Heights	Leased.	....	1,050.68	....	....	....	1,614.07	....	2,664.75	358,790.51	....
South Chicago	14,722.62	....	....	53,179.81	....	....	5,174.77	....	73,077.20	1,652,237.79	....
Total	14,722.62	....	6,016.71	53,179.81	....	....	7,040.83	....	80,959.97	2,011,028.30	.040
Comparable total	*14,722.62*	....	....	*53,179.81*	....	....	*5,174.77*	....	*73,077.20*	*1,652,237.79*	*.044*

[1] Not reported.

Exhibit XII.

SCHEDULES USED IN ASCERTAINING CONTROL OF COMPANIES.

The special report schedules and questionnaires used in the investigation of the packer control of companies, as referred to on pages 282 to 283 of the text, are here given. They comprise Schedule A, Questions supplemental to Schedule A, Organization Schedule (an abbreviation of Schedule A), and a Questionnaire to Stockholders, as follows:

Federal Trade Commission, Washington.

FOOD INVESTIGATION—SPECIAL REPORT—SLAUGHTERING AND MEAT PACKING.

SCHEDULE A.

ORGANIZATION AND FINANCIAL RESULTS.

The President of the United States, under the powers conferred by act of Congress approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," has directed the Federal Trade Commission to investigate, in cooperation with the Department of Agriculture, the production and marketing of food products.

The information required by this report is ordered to be furnished pursuant to the power of the commission under subdivision b of section 6 of the Federal Trade Commission act.

This report must be mailed to the Federal Trade Commission, Washington, D. C., on or before ———, 1917.

PENALTIES.

Failure to mail this report within the time required will subject the corporation to a forfeiture of the sum of $100 for each and every day of the continuance of such failure. (Sec. 10, Federal Trade Commission act.)

Any person who shall wilfully make or cause to be made any false entry or statement of fact in this report shall be subject to a fine of not less than $1,000 nor more than $5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment. (Section 10, Federal Trade Commission act.)

VERIFICATION.

Any or all statements made in this schedule will be verified by the Commission in its discretion.

Slaughtering and Meat Packing.—Special Report.

Note.—The word "company," wherever used in this schedule, means corporation, partnership, or individual, as the case may be.

(If additional sheets are necessary to furnish the information required by any of the following questions, they should be given the number of the question to which they apply and attached to this report.)

1. Name of company ____
2. Form of business organization (corporation, partnership, individual, etc.) ___
____
3. Principal business office ______________________________________
4. If a corporation, give: (*a*) State of incorporation ______________________
   (*b*) Exact date of incorporation _________________________________
   (*c*) Full name and post-office address of officers and directors:

OFFICERS.

Office.	Name.	P. O. Address.
______________	______________________	______________________
______________	______________________	______________________

DIRECTORS.

Name.	P. O. Address.
______________________________	______________________________
______________________________	______________________________

5. If a partnership give: (*a*) Date of partnership agreement. ______________
   (*b*) Full name and post-office address of each partner:

Name.	P. O. Address.
______________________________	______________________________
______________________________	______________________________

6. If a corporation, give the following information:
   (*a*) Capital stock issued and outstanding, common and preferred, as of June 30, 1917:

	Common.	Preferred.
Total amount outstanding (par value)	$	$
Amount issued for cash (par value)	$	$
Amount issued for property (par value)	$	$
Amount issued for services (par value)	$	$
Amount issued as bonus (par value)	$	$
Amount issued as stock dividends (par value)	$	$
Total amount of cash received for stock now outstanding	$	$
Total number of shares now outstanding	$	$
Par value per share	$	$

   (*b*) Amount of bonds, of each issue, outstanding June 30, 1917, rate of interest, etc.:

	Issue of—				Total.
	(Date.)	(Date.)	(Date.)	(Date.)	
Total amount outstanding (par value)	$	$	$	$	$
Issued for cash (par value)	$	$	$	$	$
Issued for property (par value)	$	$	$	$	$
Issued for services (par value)	$	$	$	$	$
Total amount of cash received for bonds now outstanding	$	$	$	$	$
Rate of interest					
Registered? (Yes or No)					
Listed on what exchange?					
Priority of lien					
Character of property, real or other, pledged as security					
Further description of nature of bond					

(c) Statement of voting rights attached to each class of securities above enumerated. If there are other classes of securities having voting privileges describe fully as to amounts outstanding and voting rights. If there is a voting trust, describe it as to powers, purposes, and duration and give names and addresses of trustees______________

(d) Date when stock books last closed______________
(e) Total number of holders of voting securities at last closing of stock books:

Class.	No. of holders.
Common stock______	______
Preferred stock______	______
Other voting securities______	______

(f) Total number of votes represented by all voting securities outstanding at date of last closing of stock books______________
(g) Full name and post-office address of each stockholder and number of shares of stock held by each at the date of last closing of stock books. After the name of any stockholder who holds stock as trustee the word "Trustee" must be entered. If the company has record of the assignment of any share of stock, the name and address of the assignee must be given. (If more space is needed, attach separate sheet.)

Name.	Address.	Number of shares held.	
		Common.	Preferred.

7. (a) State total amount of borrowed funds, including advances, as of June 30, 1917. (If a corporation, exclude amount of bonds reported in Question 6 (b) above.)______________
(b) Give following information regarding each obligation included in the total amount stated in answer to Question 7 (a):

Name of holder.	Address.	Character of obligation.	Amount.	Character of property, if any, pledged as security.

8. If any outstanding obligations of this company are guaranteed or in any way assumed as to dividend or as to payment of principal or interest, or both, by any other corporation, partnership, or individual, attach a statement giving the following information as to each such obligation:
   (a) Kind and amount of such obligation.
   (b) Name and address of guarantor or assumer of obligation or indorser thereof.
   (c) Extent and conditions of guaranty or of obligation assumed.
   (d) Consideration for guaranty or assumption of obligation.
9. If this company is guarantor of, or is otherwise obligated for the payment of the obligations of any other corporation, partnership, or individual, including contingent liability for such obligations by indorsement, attach a statement giving the following information as to each such obligation:

(a) Kind and amount of such obligation.
(b) Name and address of such other corporation, partnership, or individual.
(c) Extent and conditions of guaranty, or of obligation assumed by this company.
(d) Consideration for such guaranty or assumption of obligation.

10. Holdings by this company (or by trustees or others for the benefit of this company) of shares of stock or other voting securities of other companies, as of June 30, 1917. List holdings separately for each class of securities of each company. (If more space is required, use separate sheet and attach.)

Name and address of other company.	Class of stock or security.	Total number of shares issued.	Par value of each share.	Total number of shares held by or for this company.

11. (a) Bonds of other companies held by this company (or by trustees or others for the benefit of this company) as of June 30, 1917. List holdings separately for each bond issue of each company. (If more space is required, use separate sheet and attach.)

Name and address of company issuing bonds.	Character of bonds.	Rate of interest.	Amount of each issue (par value).	Amount of each issue held by or for this company (par value).	Character of security supporting bonds.

(b) Loans (other than bonds), including advances, to other companies, as of June 30, 1917. List each loan to each company separately. (If more space is required, use separate sheet and attach.)

Name of borrower.	Nature of loan.	Amount of loan.	Rate of interest.	Character of security, if any.

12. Property of other companies, including packing-house sites, leased to this company as of June 30, 1917. List each lease separately. (If more space is required, use separate sheet and attach.)

Name and address of lessor.	Nature of property.	Purposes for which used.	Amount of yearly or monthly rental paid.	If property is subleased name and address of sublessee.	Yearly or monthly rental received from sublessee.

13. If on June 30, 1917, this company had any property, including packing-house sites, leased or sublet to others, attach statement showing separately for each lease the following information: (*a*) Name and address of lessee; (*b*) nature of property; (*c*) purpose for which used; (*d*) value at which property is carried on books; (*e*) if appraised, date of latest appraisal and appraised value at that date; (*f*) annual rental received.

14. List each officer and employee paid by this company during its last fiscal year an aggregate amount of $5,000 or more for services rendered, or as gratuities, including donations, or both. Payments for services rendered are to include payments in the form of salary, commission, retainer, fee, bonus, premium, or in any other form, for services of any nature. State service or services rendered in return for each such total payment and reason for such gratuity or gratuities; and state the account or accounts to which such total payment was charged.

Name of payee paid $5,000 or more.	Address.	Office held, position, or nature of employment.	Service or services for which payment was made. Reason for gratuity.	Total amount paid.	Account or accounts to which charged.

15. List each corporation, partnership, association, or person, other than officers or employees of this company, paid by it during its last fiscal year an aggregate amount of $5,000 or more for services rendered, or as gratuities, including donations, or both. Payments for services rendered are to include payments in the form of commission, retainer, fee, bonus, premium, or in any other form, for services of any nature. State service or services rendered in return for each such total payment and reason for such gratuity or gratuities; and state the account or accounts to which such total payment was charged.

Name of payee paid $5,000 or more.	Address.	Service rendered or reason for donation or gratuity.	Total amount paid.	Account or accounts to which charged.

16. Date on which this company's fiscal year closes______________________

17. Attach to this report the following statements, for each year of the company's past five fiscal years:

(*a*) True balance sheet.

(*b*) True itemized profit and loss and income statements.

(*c*) True details of changes in surplus account during each fiscal year.

This report and all attached statements signed this ______ day of ___________, 1917.

____

(Name of company.)

By____

(Name and position of person signing; to be signed in person.)

QUESTIONS SUPPLEMENTAL TO SCHEDULE A.

QUESTIONS.

In explanation of the meaning of these questions and the terms used therein, the following should be noted:

By "company" is meant any corporation, partnership, or individual, as the *case may be.*

By "control" is meant ability to determine the action of a company.

Control may be "sole" or "joint." Sole control is that which rests in one corporation, partnership or individual. Joint control is that which rests in two or more corporations, partnerships or individuals and which was acquired through the same acts or transactions or in pursuance of an agreement or arrangement between the controlling parties.

Control may be "direct" or "indirect." Direct control is that exercised without the intervention of an intermediary company. Indirect control is that exercised through an intermediary company or a series of intermediary companies.

By "harmony of faction or interest," is meant the mutual surrender of independence to any common rule or rules of action by two or more otherwise separate and sovereign companies.

Question 1 shall not be construed to include any other company or companies as controlled by this company which have been reported to this Commission in Schedule "A" as so controlled ,but shall be construed to include together with all others any thus reported which are on the date of signing the answers to these questions, controlled in degree greater than that shown in said schedule report. duplicate blanks for which were furnished the respondent company for its reference copy.

1. Does the respondent company control any other company, in legal form or in substance and fact, solely or jointly, directly or indirectly, whether (1) through the immediate relationship of shareholding in a partnership or of stock assignment, trust agreement, assignment or conveyance of voting rights through proxies or otherwise, community of stockholding, the making of loans or advances, hypothecation of stock or other property rights, leasing contract or other agreement, or by any other means, or (2) through the intermediate relationship of any company or companies thus controlled which in turn control any other company or companies in any of the above ways, and so on, however far, and through however many intermediate companies the chain of control may extend? (Yes or no.)

If "Yes," state the name and address of each and every company thus controlled and explain fully the nature and means of control. If control is joint, state with what company or companies, individual or individuals it is exercised; if indirect, state through what intermediary company or companies. If control is exercised through holdings, state whether these are in the name of the respondent company or in that of any of its stockholders, employees, officers or directors, give the proportion held of the controlled company's or companies' capital and state in whose name the stock is held; if the control is exercised through assignment of voting rights, state from whom and to whom such assignment is made; if through trust agreement, give copy of such agreement; if through any other agreement or means, give copy of such agreement or explain fully such means. (If reply is "Yes," attach sheets for explanation of answer and copies of explanatory papers, all of which shall be designated "Answers to Question 1.")

2. Is the respondent company controlled through any such means suggested in the foregoing question, in legal form or in substance and fact, solely or jointly, directly or indirectly, by or for any other company or companies, or by or for any individual or group of individuals other than the company or companies, individual or group of individuals reported to this Commission in Schedule "A" as so controlling, or by or for any company or companies, individual, or group of individuals thus reported as so controlling but which on date of answering these questions control in degree greater than that shown in said schedule report? (Yes or no.)

If "Yes," state the name and address of each and every company, individual, or group of individuals by or for whom it is so controlled, and explain fully the nature and means of the control, as required in answer to the next preceding question. (If reply is "Yes," attach sheets for explanation of answer and copies of explanatory papers, all of which shall be designated "Answers to Question 2.")

3. Is there harmony of action or interest between the respondent company and any other company or companies (not including any company covered by Questions 1 and 2 above) whose business is similar or allied in nature to that of the respondent company, whether such harmony is effected through formal or informal agreement, or through community of management or control, or through any other means? (Yes or no.)

If "Yes," state the name and address of each and every such company and explain fully the means used in effecting such harmony of action or interest. If effected by formal agreement, attach a copy of the same; if by informal agreement or understanding, give the substance of such agreement or understanding; if by community of management, give the names and addresses of the officers or directors of the respondent company who hold office in the company or companies with whom there is harmony of action or interest and the character of the office so held; if by community of control, give the names and addresses of the individuals or companies exercising the control through voting rights or otherwise in both respondent company and company or companies with which the respondent company maintains harmony of action or interest. (If reply is "Yes," attach sheets for explanation of answer and copies of explanatory papers, all of which shall be designated "Answers to Question 3.")

The information required by this report is ordered to be furnished pursuant to the power of the Commission under subdivision (*b*) of section 6 of the Federal Trade Commission Act.

Penalties.—Failure to mail this report within the time required will subject the corporation to a forfeiture of the sum of $100 for each and every day of the continuance of such failure. (Section 10, Federal Trade Commission Act.)

Any person who shall willfully make or cause to be made any false entry or statement of fact in this report shall be subject to a fine of not less than $1,000 nor more than $5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment. (Section 10, Federal Trade Commission Act.)

The Federal Trade Commission directs that the president or other chief officer of the respondent company sign the statements made in reply to the foregoing questions.

I have carefully examined the foregoing questions and declare that all statements (including all attached papers) made in reply thereto are true and constitute complete and correct answers for the respondent company.

Signed this — day of ——, 19—.

------------------------------ By------------------------------------

(Name of respondent company.) (Name of person signing; to be signed in person.)

(Position of person signing.)

ORGANIZATION SCHEDULE.

FEDERAL TRADE COMMISSION,
Washington.

SPECIAL REPORT.

ORGANIZATION.

The information required by this report is ordered to be furnished pursuant to the power of the Commission under subdivision b of section 6 of the Federal Trade Commission Act.

This report must be mailed to the Federal Trade Commission, Washington, D. C., on or before ———.

PENALTIES.

Failure to mail this report within the time required will subject the corporation to a forfeiture of the sum of $100 for each and very day of the continuance of such failure. (Section 10, Federal Trade Commission Act.)

Any person who shall willfully make or cause to be made any false entry or statement of fact in this report shall be subject to a fine of not less than $1,000 nor more than $5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment. (Section 10, Federal Trade Commission Act.)

VERIFICATION.

Any or all statements made in this schedule will be verified by the Commission in its discretion.

SPECIAL REPORT ON ORGANIZATION.

NOTE 1.—The word "company," wherever used in this schedule, means corporation, association, trust, partnership, or individual, as the case may be.

NOTE 2.—All questions must be answered. In cases in which any question or part of any question in this schedule clearly does not apply to your company, or in which the correct answer to such question or part of question is "None," you are required to state that fact by inserting the words "Does not apply" or "None" in the blank space provided for the answer. In all cases in which you answer "Does not apply," state the reason.

1. Name of company ______
2. Principal business office ______
3. (a) Form of business organization (corporation, partnership, individual, etc.) ______
   (b) Nature of business (producer, dealer, holding company, etc., and principal commodities produced or handled, together with important side lines, if any) ______
   (c) Date on which this company's fiscal year closes ______
   (d) If this company is inactive, since what date? ______
4. If a corporation, joint stock association, or trust, give:
   (a) State of incorporation ______
   (b) Exact date of incorporation ______
   (c) Title, full name, and post-office address of officers and directors:

Officers.

Office.	Name.	P. O. Address.
______	______	______
______	______	______
______	______	______

Directors.

Name.	P. O. Address.
______	______
______	______
______	______

5. If a partnership, give: (a) Date of present partnership agreement, ______
   (b) Full name and post-office address of each partner and proportionate share of each in the firm:

Name.	P. O. Address.	Share.
______	______	$______
______	______	______
______	______	______

6. If a corporation, give the following information, as of May 1, 1918:
   (a) Capital stock issued and outstanding:
      (1) Common: Par value per share $______; No. of shares ______
      (2) Preferred: Par value per share $______; No. of shares ______
   (b) Amount of bonds outstanding: $______
   (c) Statement of voting rights of each class of outstanding securities ______
   (d) Give full name and post-office address of each stockholder of record and number of shares of stock of each class held by each. After the name of any stockholder who holds stock as trustee, the word "Trustee" must be entered. (If more space is needed, attach separate sheet.)

Name.	Address.	Number of shares held.	
		Common.	Preferred.
....	....	....	....
....	....	....	....
....	....	....	....

7. List all holdings by this company (or by trustees or others for the benefit of this company) of shares of stock or other voting securities of other companies, as of May 1, 1918. List holdings separately for each class of securities of each company, giving the details as indicated. If there are no holdings, answer "None." (If more space is required, use separate sheet and attach.)

Company issuing stock.			Class of stock or security, common or preferred, etc.	Total No. of shares issued.	Par value of each share.	Total number of shares held by or for this company.	Name and address of holder of record.
Name.	Address.	Business.					
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....
....	....	....	....	....	....	....	....

8. Give an exact copy of each and every contract and each and every leasing arrangement to which this company was a party which was in effect at any time during the past fiscal year, whether by the terms of the period of the contract or lease or by an extension through mutual understanding, of the contract or lease beyond the period of its life, within the following limitations:
   (*a*) Contracts affecting the securing, handling, or disposition of raw materials, of products in process of manufacture, or of finished products of this company.
   (*b*) Leases under which the annual rental paid or received is $2,500 or more.
9. List, as of May 1, 1918, all subsidiary or affiliated companies of this company, classifying under the following groups and subgroups, and indicating in each case the method and extent of control (use separate sheets and attach):

(*a*) Direct subsidiaries or affiliated companies of this company. By a direct subsidiary or affiliated company of this company is meant any company, 50 per cent or more of whose voting securities or partnership shares are controlled by this company, whether (1) through holding of such 50 per cent or more of the voting securities or partnership shares by this company or by any individual or individuals, company or companies, for the benefit of this company; or (2) through assignment or conveyance by hypothecation of stock, by proxies, or otherwise of the voting rights of such 50 per cent or more of voting securities or partnership shares to this company or to any officer or officers, director or directors, controlling stockholder or stockholders, or other representative or representatives of this company; or (3) through any combination of the two foregoing methods of control in which 50 per cent or more of the voting securities or partnership shares are included.

(*b*) Indirect subsidiary or affiliated companies of this company. By an indirect subsidiary or affiliated company of this company is meant any subsidiary or affiliated company, as defined in (*a*) above, of any company listed under class (*a*) above, and in turn any subsidiary or affiliated company of any such *indirect subsidiary* or affiliated company, and so on, the requirement extending

to all companies which are in any way controlled by this company, however far and through however many intermediate companies or partnerships the chain of control may extend.

(*c*) Joint subsidiaries or affiliated companies of this company. By a joint subsidiary or affiliated company of this company is meant any company whose control, as defined in (*a*) and (*b*) above, rests in this company jointly with one or more other companies, partnerships or individuals in pursuance of any agreement, arrangement or understanding between the controlling parties.

I have carefully examined the foregoing questions and their answers and declare that all statements (including all attached papers) made in reply to said questions are true and constitute complete and correct answers for this company.

Signed this ______ day of ____________, 191__.

----------------------------------	----------------------------------
(Name of this company.)	(Name of person signing; to be signed in person.)

	(Position of person signing.)

FEDERAL TRADE COMMISSION,
Washington.

QUESTIONNAIRE TO STOCKHOLDERS.

DEAR SIR: The Federal Trade Commission is informed that you appear as a stockholder of record in the following Company:

Company.	No. of shares of stock.	
	Common.	Preferred.
....	....	....
....	....	....
....	....	....

You are required to supply the information called for in the inclosed Schedule within the time specified therein.

Very truly yours,

FEDERAL TRADE COMMISSION.
By L. L. BRACKEN, *Secretary.*

FEDERAL TRADE COMMISSION,
Washington.

You are required to mail to the Federal Trade Commission, Washington, D. C., the information called for in the nine following questions in respect to the shares of stock enumerated of which the Commission is informed you are the holder of record, to-wit:

Company.	Shares.	
	Common.	Preferred.
....	....	....
....	....	....
....	....	....

NOTE 1.—This statement should be mailed on or before ______, 19____.

NOTE 2.—A written response must be made to each question.

NOTE 3.—The word "person" wherever used in these questions means corporation, partnership, *individual* as the case may be.

1. Does this stock now stand on the books of the company in your name? (Answer "yes" or "no.") -------- If "no," give the name and address of the person or persons to whom you sold or otherwise disposed of any or all of this stock and give the consideration you received therefor:

Name.	Address.	No. of shares.	Consideration.
....	....	....	....
....	....	....	....
....	....	....	....

2. Do you hold any or all of this stock for your own exclusive benefit? (Answer "all," "part," or "none.") -------- If "part," state how many shares you hold as sole equitable owner and for your own benefit -------- shares.

3. Are you a joint owner of any or all of this stock? (Answer "yes" or "no.") -------- If "yes," state the name and address of the person or persons owning jointly with you, and the number of shares so owned:

Name.	Address.	No. of shares.
....	....	....
....	....	....
....	....	....

4. Is any or all of this stock held by you in trust for any other person or persons? Answer "yes" or "no.") -------- If "yes," state the name and address of the person or persons, the number of shares so held, and for whose benefit they are held:

Name.	Address.	Number of shares.
....	....	....
....	....	....
....	....	....

5. Has any or all of this stock been assigned by you to another person or persons? (Answer "yes" or "no.") -------- If "yes," state the name and address of the person or persons to whom assigned, the number of shares assigned to each and the consideration received by you therefor:

Name.	Address.	Number of shares.	Consideration.
....	....	....	....
....	....	....	....
....	....	....	....

Do you know or have you reason to believe that any or all of the above assignees are not the real beneficiaries, but merely acting for another person or persons? (Answer "yes" or "no.") -------- If "yes," state the name and address of the person or persons whom you know or believe to be the beneficiaries:

Name.	Address.	Basis of answer ("knowledge" or "belief").
....	....	....
....	....	....
....	....	....

6. Has any or all of this stock been assigned by you in blank? (Answer "yes" or "no.") ________ If "yes," state the name and address of the person or persons to whom you delivered such stock, the number of shares delivered to each, and the consideration received by you:

Name.	Address.	Number of shares.	Consideration.
....	....	....	....
....	....	....	....
....	....	....	....

Do you know or have reason to believe that the person or persons to whom you delivered such stock were not the real beneficiaries of the stock? (Answer "yes" or "no.") ________ If "yes," state the name and address of the person or persons you know or believe to have been the beneficiaries:

Name.	Address.	Basis of answer ("knowledge" or "belief").
....	....	....
....	....	....
....	....	....

7. Have you within the past two years given any other person or persons a proxy or proxies to vote any or all of this stock? (Answer "yes" or "no.") ________ If "yes," state the name and address of the person or persons to whom such proxies were given, and the number of shares concerned in each instance:

Name.	Address.	Number of shares.
....	....	....
....	....	....
....	....	....

8. Have you pledged any or all of this stock as security for a loan or loans? (Answer "yes" or "no.") ________ If "yes," state the name and address of the person or persons making such loans to you, the amount of each, and the number of shares pledged:

Name.	Address.	Amount of loan.	No. of shares.
....	....	....	....
....	....	....	....
....	....	....	....

9. If your answer to Question 3 is "yes," also attach a separate sheet, answering, with respect to each case of stock jointly owned, the substance of questions 4, 5, 6, 7, 8, and 9.

The purpose of the foregoing questions is to ascertain who is the actual owner of this stock. If you know any facts not stated above that bear on this matter, state such facts fully on a separate sheet and attach.

This statement and all attached statements made and signed this ______ day of ______________, 19____.

If an individual, sign here:

____
(To be signed in person.)

If a corporation or partnership, sign here:

____
(Name of company.)

By ______________________________
(Name and position of person signing; to be signed in person.)

Address ______________________________

Exhibit XIII.

LOUIS F. SWIFT'S "OUR COMPANIES" LIST WITH CORRESPONDENCE RELATING THERETO.

1. LETTERS AND LIST AS FOUND IN VEEDER FILES.

Swift & Company,
Chicago, December 18, 1916.

Mr. A. L. Lettermann,
Albert H. & Henry Veeder,
76 West Monroe Street, Chicago, Ill.

Dear Sir: The last record sent me of the annual stockholders' meetings of our various allied companies is dated April 1, 1915.

Will you kindly send me an up-to-date list in duplicate, at your early convenience?

Awaiting your reply,

Yours respectfully,

Louis F. Swift.
(N.)

HV/NA
R.

Chicago, *January 13, 1917.*

Mr. Herbert J. Nelson,
% Swift & Company, Chicago.

Dear Sir: On December 18th you asked me to furnish you with a revised list showing the dates on which our corporations hold their annual meetings.

I hope to be in a position to let you have this revised list, with an extra carbon copy, the latter part of next week.

Trusting that I have in no way inconvenienced you by the delay in this matter, I am,

Sincerely yours,

ALL–L
R

[In pencil:] Books sent Jan. 24, 1917.

L.

[Note.—The following list of companies was secured from the office of Henry Veeder, May 16, 1918. It was attached to a copy of the foregoing letter of January 13, 1917, from A. L. Lettermann, Henry Veeder's office manager, to Herbert J. Nelson, in the office of L. F. Swift.—Federal Trade Commission.]

ANNUAL STOCKHOLDERS' MEETINGS.

Corrected January 1, 1917.

JANUARY.

A. Canfield Commission Co. (New Jersey), Monday after 1st day of January.

A. C. Lawrence Leather Co. (Illinois), second Thursday of January.

A. C. Lawrence Leather Co. (Maine), second Thursday of January.

Ahuimanu Pineapple & Ranch Co. (Ltd.) (Territory of Hawaii), in January (date to be fixed by directors).

American Milk Co. (Illinois), third Tuesday of January.

American Milk Products Co. (Illinois), third Tuesday of January.

Anacortes Lumber & Box Co. (Washington), first Tuesday after first Monday after 1st day of January.

B. C. Market Co. (Ltd.) (Canada, Province of British Columbia), second Tuesday of January.

Bencini Cotton Oil Mills, second Wednesday.

Bimbler Co. (New Jersey), fourth Tuesday of January.

Brelsford Packing & Storage Co. (Pennsylvania), third Tuesday of January.

Brighton Stock Yards Co. (Maine), second Thursday of January.

Buchanan Elevator Co., second Monday.

Cahill Beef Co. (Maine), second Thursday of January.

Chapman Coal Co. (Maine), second Thursday of January.

Charles Buck & Son Co., second Thursday of January.

Chicago, Junction Railways and Union Stockyards Co. (New Jersey), third Tuesday of January.

Colonial Hide Co., second Thursday of January.

Consolidated Rendering Co. (Maine), second Thursday of January.

Denver Stock Yards Bank (Colorado), second Tuesday of January.

Dillon Irrigation Co., second Tuesday of January.

Dominion Market Co. (Ltd.) (Canada), first Monday of January.

East St. Louis Rendering Co. (Illinois), third Monday of January.

E. K. Pond Packing Co. (Illinois), second Monday of January.

Fort Worth Stock Yards Co. (West Virginia), second Tuesday of January.

George C. Marsh Co., second Thursday.

George Nye Co. (Massachusetts), second Monday of January.

H. L. Handy Co. (Massachusetts), third Tuesday of January.

Independent Salt Co. (West Virginia), fourth Monday of January.

John P. Squire & Co. (Maine), second Thursday of January.

John P. Squire & Co. (Inc.) (Rhode Island), second Wednesday of January.

Kenton Traction Co. (Oregon), first Wednesday of January.

Kentucky Packing Co. (Kentucky), January 15 of each year.

Kenwood Land Co. (Oregon), first Wednesday of January.

Libby, McNeill & Libby (Maine), second Thursday of January.

Libby, McNeill & Libby of Honolulu (Ltd.) (Territory of Hawaii), in January (date fixed by directors).

Metropolitan Hotel Supply Co. (Maine), second Thursday of January.

Michigan Canning & Machinery Co., third Wednesday.

Missouri State Realty Co. (Missouri), second Monday of January.

National Calfskin Co. (Maine), second Thursday of January.

National Leather Manufacturing Co. (Michigan), first Wednesday after first Monday of January.

National Manufacturing Co. (Maine), second Thursday of January.

National Packing Co. (Maine), second Thursday of January.

New England Dressed Meat & Wool Co. (Maine), second Thursday of January.

New England Rendering Co., second Thursday.

New England Stockyards (Maine), second Thursday of January.

North Packing & Provision Co. (Maine), second Thursday of January.

Northwestern Glue Co. (Illinois), second Tuesday of January.

Peninsula Industrial Co. (Oregon), second Monday of January.

Portland Union Stock Yards Co. (Oregon), second Monday of January.

Reporter Publishing Co. (Oregon), second Monday of January.

St. Joseph Belt Railway Co. (Missouri), second Monday of January.

St. Joseph Cattle Loan Co. (Missouri), second Monday of January.

St. Joseph Stock Yards Bank (Missouri), second Monday of January.
St. Joseph Stock Yards Co. (Missouri), second Monday of January.
St. Joseph Journal Publishing Co., second Monday.
St. Joseph Tanning Co. (West Virginia), fourth Monday of January.
Security Mutual Casualty Co. (Illinois), annual members' meeting, first Tuesday after second Monday of January.
South St. Joseph Town Co. (Missouri), second Monday of January.
Southwestern Mechanical Co. (New Jersey), first Monday of January.
Springfield Provision Co. (New Hampshire), third Thursday of January.
Stetson & Ellison Co., first Tuesday.
St. Louis National Stock Yards (Illinois), third Monday of January.
Stock Yards Bank (Illinois), third Monday of January.
Stock Yards Mortgage & Trust Co. (Minnesota), ———.
Stock Yards National Bank (United States), second Tuesday of January.
Stock Yards National Bank (United States), second Saturday of January.
St. Paul Bridge & Terminal Railway Co. (Minnesota), first Wednesday after third Tuesday of January.
St. Paul Tannery (Minnesota), first Monday of January.
S. S. Learnard Co., second Thursday.
Sturtevant & Haley Beef & Supply Co. (Massachusetts), first Wednesday of January.
Sterling Lumber & Supply Co.
Swift & Co. (Delaware), first Thursday of January.
Swift & Co. (Illinois), first Thursday.
Swift & Co. (Maine), second Thursday of January.
Swift & Co. (West Virginia), first Thursday of January.
Swift-Coates Co., second Monday.
Swift Beef Co. (Maine), second Thursday of January.
Swift Live Stock Transportation Co. (Maine), second Thursday of January.
Swift Packing Co. (Illinois), first Thursday of January.
Swift Refrigerator Transportation Co. (Maine), second Thursday of January.
Terminal Stock Yards Co. (New Jersey), first Thursday of January.
The Good Will Soap Premium Store, second Wednesday.
The Denver Union Stock Yard Co. (Colorado), fourth Wednesday of January.
The Hartford Beef Co. (Connecticut), first Tuesday after second Saturday of January.
The National Cattle Loan Co. (Delaware), third Monday of January.
The Sperry & Barnes Co. (Connecticut), third Tuesday of January.
The Union Rendering Co. (Colorado), second Monday of January.
The Western Packing Co. (Colorado), second Monday of January.
Union Condensed Milk Co. (Illinois), third Tuesday of January.
Union Ice and Cold Storage Co. (Missouri), second Monday of January.
Union Meat Co. (Oregon), first Wednesday of January.
Union Rendering Co. (Missouri), second Monday of January.
Union Stock Yard and Transit Co. (Illinois), third Wednesday of January.
Union Stock Yards of Toronto (Ltd.) (Canada), fourth Monday of January.
Union Terminal Railway Co. (Missouri), second Monday of January.
Van Wagenen & Schickhaus Co. (New Jersey), Tuesday after first Monday of January.
Vermont Supply Co. (Massachusetts), second Monday of January.
Western Live Stock Express Co. (Maine), second Thursday of January.
White, Pevey & Dexter Co. (Maine), second Thursday of January.
Woodward's Meat Department (Ltd.), second Tuesday.

FEBRUARY.

Clinch River Extract Co., third Thursday.
Dunkley Co., first Monday.
Fort Garry Market Co. (Ltd.) (Canada, Province of Manitoba), first Monday of February.
Fred K. Higbie Co. (Illinois), first Saturday of February.
Libby, McNeill & Libby (Ltd.) (Louisiana), first Wednesday of February.
National Leather Co. (Illinois), first Tuesday of February.
National Oil & Hide Co. (Ltd.) (England), first Monday of February.
National Packing Co. (Louisiana), first Wednesday of February.

Northern Reduction Co. (Wisconsin), second Monday of February.
Swift & Co. (Ltd.) (Louisiana), first Wednesday of February.
Swift Beef Co. (Ltd.) (England), first Monday of February.
The Record Stockman Publishing Co. (Colorado), first Saturday after first Monday of February.
Western Cold Storage Co. (Wisconsin), second Tuesday of February.

MARCH.

Alamo Oil & Refining Co. (Texas), first Tuesday of March.
Atlanta Hotel Supply Co. (Arizona), third Monday of March.
Canadian Western Lumber Co. (Ltd.) (Canada), second Monday of March.
Chicago Junction Railway Co. (Illinois), fourth Monday of March.
South San Francisco Land & Improvement Co. (California), third Monday of March.
Swift Packing Co. (France), between March and September.
The West Texas Town Lot Co. (Texas), first Tuesday of March.
The Thomas Pineapple Co. (Ltd.).
Union Rendering Co.
Western Meat Co. (California), third Monday of March.
W. F. Priebe Co. (Illinois), March 16 of each year.

APRIL.

Australian Meat Export Co. (Ltd.) (Australia, State of Queensland), last Monday of April.
Franklin Land Investment Co. (Ltd.) (England), last Monday of April.
Illinois Cold Storage Co. (Illinois), second Wednesday of April.
Mechanical Manufacturing Co. (Illinois), second Thursday of April.
United Dressed Beef Co. of New York (New York), second Monday of April.

MAY.

Continental Packing Co. (Illinois), second Tuesday of May.
Demcy & Sibley Co. (New York), second Tuesday of May.
H. C. Derby Co. (New York), second Wednesday of May.
Henry A. Lane (Ltd.) (England), such day during May as directors shall determine.
Hinckley Rendering Co., fourth Saturday.
Molalla Lumber Co. (West Virginia), first Wednesday of May.
North Fort Worth Townsite Co. (Texas), fourth Monday of May.
Oakland Meat & Packing Co. (Texas).
Plankington Packing Co. (Wisconsin), first Tuesday of May.
South San Francisco Union Stock Yards Co. (California), first Monday of May.
South St. Paul Water Co. (Minnesota), third Monday of May.
Swift & Co. (New Jersey), second Wednesday of May.
Swift & Co. (Inc.) (Indiana), first Thursday.
Swift Packing Co. (Inc.) (New York), second Wednesday.
Tanners Cut Sole Co. (Maine), last Wednesday.
White Haven Gin Co. (Tennessee), second Monday of May.
Winchester Tannery Co. (New Hampshire), first Tuesday.

JUNE.

B. K. Willard Co. (Illinois), first Wednesday of June.
Essex Gelatine Co., first Tuesday.
Foster Packing Co. (Illinois), first Wednesday of June.
Sioux City Service Co. (New Jersey), second Monday of June.
Sociedad Anonima Frigorifico Montevideo (Uruguay), June 15.
St. Paul Union Stock Yards Co. (Minnesota), first Wednesday after first Tuesday of June.
St. Paul Cattle Loan Co., first Monday.

JULY.

Alaska Fishermen's Packing Co. (West Virginia), first Monday of July.
Ashland Leather Co. (Kentucky), second Tuesday of July.

Centralia Coal Co. (Illinois), last Wednesday of July.
Illinois Cattle Co. (Illinois), first Saturday of July.
Libby, McNeill & Libby (Ltd.) (England), third Monday of July.
Milford Gin Co. (Texas), first Tuesday of July.
Namayo Market (Ltd.), first Monday.
Portland Cattle Loan Co. (Oregon), second Tuesday of July.
Swiss-American Trading Co. (Illinois), second Tuesday of July.
Yakutat & Southern Railway Co. (West Virginia), first Monday of July.

AUGUST.

Emery Food Co. (Illinois), second Friday of August.
Eastern Oregon Live Stock Co., first Monday.
Libby, McNeill & Libby (West Virginia), second Thursday of August.
Libby, McNeill & Libby of Canada (Ltd.) (Canada, Province of Ontario), third Thursday of August.

SEPTEMBER.

F. C. Crittenden Co. (New York), third Thursday of September.
Fort William Cold Storage Co. (Ltd.) (Canada, Province of Ontario), fourth Monday of September.
Fulton Beef Co. (Illinois), September 25.
Hammond Co., Philadelphia (Illinois), first Thursday after second Wednesday of September.
Milwaukee Stockyards Co. (Wisconsin), third Wednesday of September.
South St. Paul Daily Reporter Co., second Tuesday.

OCTOBER.

Bayfield Investment Association (Wisconsin), second Tuesday of October.
Bourbon Stock Yard Co. (Kentucky), first Tuesday of October.
Fort Worth Belt Railway Co. (Texas), first Monday of October.
Franco-Swiss Catering Co. of the United States (Illinois), last Friday of October.
Hawkeye Land Co. (Iowa), second Tuesday of October.
Iowa Rendering Co. (Iowa), first Wednesday after second Monday of October.
National Box Co. (Illinois), first Monday of October.
Northern Rendering Co. (Minnesota), first Monday of October.
Omaha Hotel Supply Co., last Monday of October.
Sioux City Terminal Railway Co. (Iowa), second Tuesday of October.
Swift & Co. Soap Works (Illinois), first Wednesday of October.
Swift Fertilizer Works (Illinois), first Wednesday of October.
The Sioux City Stock Yards Co. (Iowa), second Tuesday of October.
Delaware Canning Co., third Thursday.
Union Stock Yards Gas Co. (Illinois), first Wednesday of October.

NOVEMBER.

Curry & Co. (Ltd.) (England), first Monday of November.
Emery Provision Co. (Illinois), third Thursday of November.
George Hotchkiss & Co. (Ltd.) (New York), first Tuesday of November.
Lethbridge Cold Storage Co. (Ltd.) (Canada, Province of Alberta), first Monday of November.
North Shore Fuel & Supply Co. (Illinois), second Wednesday of November.
South San Francisco Belt Railway (California), first Wednesday of November.
South San Francisco Water Co. (California), first Wednesday of November.
Swift & Co. Employees Benefit Association, such date in November as advisory committee designates.
Swift Wool Co. (Illinois), third Thursday of November.
Alberta Cold Storage Co. (Ltd.) (Canada, Province of Alberta), third Monday of November.
Underwood Market Co. (Illinois), second Tuesday of November.
Hammond Beef Co. (Michigan), first Tuesday of November (should be fourth item).

DECEMBER.

National Car Line Co. (New Jersey), second Monday of December.
National ~~Packing Co.~~ (New Jersey), second Monday of December.
Newark Stock Yards (New Jersey), first Monday of December.
Omaha ~~Packing Co.~~ (Kentucky), second Wednesday of December.
South Omaha Land Co. (Nebraska), first Tuesday after second Monday of December.
Swift & Co. (Kentucky), second Wednesday of December.
Swift Canadian Co. (Ltd.) (Canada), third Wednesday of December.
The 41 Market Co. (Canada, Province of Manitoba), second Monday of December.
The G. H. Hammond Co. (Michigan), second Wednesday of December.
Union Rendering and Refining Co. (Nebraska), second Saturday of December.
Union Stock Yards Co. of Omaha (Nebraska), first Monday of December.
Wilson & Rogers (New Jersey), first Monday of December.
La Plata Cold Storage, Sociedad Anonima (Argentine Republic), when called by directors.
Revelstoke Meat Market (Ltd.) (Province, British Columbia, Canada).

H
1-22-17

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2. CORRESPONDENCE BETWEEN FEDERAL TRADE COMMISSION AND SWIFT & CO. REGARDING THE LIST.

Upon the Commission's securing of the above documents from the vault in Henry Veeder's office, the following correspondence ensued:

LAW OFFICES ALBERT H. & HENRY VEEDER,
78 West Monroe Street, Chicago, May 18, 1918.
Francis E. Baldwin.

File Marked 37.

FEDERAL TRADE COMMISSION.

DEAR SIRS: In reference to the letter signed "Louis F. Swift 'N'", addressed to Mr. A. L. Lettermann under date of December 18, 1916, asking for "last record sent me of the annual stockholders' meetings of our various allied companies," and reply addressed to Mr. Herbert J. Nelson, dated January 13, 1917, stating that "on December 18 you asked me to furnish you with revised list showing dates on which our corporations hold their annual meetings," I would say that the list attached to said correspondence, marked "Annual Stockholders' Meetings, Corrected January 1, 1917," was compiled from a general list of corporations in our office and is not limited to corporations which are "allied companies" to Swift & Co., or which are "our corporations," but include numerous corporations in which neither Swift & Co. nor the Swift interests have any interest whatsoever.

Sincerely yours,

(Signed) HENRY VEEDER.

MAY 24, 1918.

SWIFT & CO., *Chicago, Ill.*

"SWIFT ALLIED COMPANIES."

GENTLEMEN: Attached is a list[1] of companies concerning which the commission has evidence tending to show that Swift & Co. directly or indirectly controls them, or that the officers and directors of the company or members of the Swift family, as individuals, control them.

The commission therefore, under the powers granted in the Federal Trade Commission Act, requires you to make full and true disclosure of the facts, as of January 1, 1917, and as of May 22, 1918, touching the financial and business

[[1] List referred to consisted of about 75 companies included in the "our companies" list and regarding which the Commission had previously had no information or only partial information as to Swift interests therein.—FEDERAL TRADE COMMISSION.]

relations of Swift & Co. to each of the companies listed herewith, through whatever direct or indirect means and through whatever subsidiary or affiliated companies these relations may be effected; and in addition to state as to each of these companies, as of the above dates, (1) the principal business office, (2) nature of principal business and important side lines, (3) total voting securities issued and outstanding, (4) total other stock issued and outstanding.

This information is required to be mailed to the Commission on or before May 31, 1918.

The Commission, under the circumstances, would be glad, if you so desire, to have you cause specific information to be furnished to it concerning any investment in or control of any of the listed companies by individual officers or directors of Swift & Co. or of any of its subsidiary or affiliated companies, or by members of the Swift family.

Yours truly,

FEDERAL TRADE COMMISSION,
(Signed) FRANCIS WALKER,
Chief Economist.

CHICAGO, ILL., *May 28, 1918.*

FEDERAL TRADE COMMISSION, *Chicago, Ill.*

GENTLEMEN: The statements following show the status of various corporations listed on my books:

North Shore Fuel & Supply Co.—This company, incorporated under the laws of Illinois, is in process of liquidation. Neither Swift & Co. nor any of its subsidiaries ever had any interest in the capital stock of this company.

Derby Desk Co.—This company is out of existence. It was organized a number of years ago under the laws of Illinois and conducted a retail office furniture store in Chicago. Neither Swift & Co. nor any of its subsidiaries ever had any interest in the capital stock of this company.

St. Joseph Belt Railway Co.—This company is a common carrier incorporated under the laws of Missouri. It owns and operates a railroad at St. Joseph, Mo. The line serves the stockyards of the St. Joseph Stock Yards Co. and the packing houses at St. Joseph and connects with the lines of other carriers serving St. Joseph. The capital stock of this company is held by individuals for the benefit of St. Joseph Stock Yards Co.

Union Terminal Railway Co.—This company is a common carrier organized under the laws of Missouri. It owns and operates a railroad at St. Joseph, Mo. The company performs a switching service between industries located on its line and trunk lines serving St. Joseph. Neither Swift & Co. nor any of its subsidiaries have any interest in the capital stock of this company.

Grain Belt Mills Co.—This company is organized under the laws of Missouri. It owns and operates a mill at St. Joseph, Mo., manufacturing feed for cattle and horses. Neither Swift & Co. nor any of its subsidiaries have any interest in the capital stock of this company.

Buchanan Elevator Co.—This company is organized under the laws of Missouri. It owns a grain elevator at St. Joseph, Mo., which it leases to an operating company. Neither Swift & Co. nor any of its subsidiaries have any interest in the capital stock of this company or the operating company.

Fred K. Higbie Co.—This company is out of existence. Neither Swift & Co. nor any of its subsidiaries ever had any interest in the capital stock of this company.

Sterling Lumber & Supply Co.—This company owns and operates two lumber yards; one at West Pullman (Chicago) and the other at Washington Heights (Chicago). Neither Swift & Co. nor any of its subsidiaries have any interest in the capital stock of this company.

Kingman Salt Mining Co.—This company is out of existence, having disposed of its business in 1910.

M. J. Neahr & Co.—This company is organized under the laws of Illinois. Neither Swift & Co. nor any of its subsidiaries have any interest in the capital stock of this company.

Union Condensed Milk Co.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

B. K. Willard Co.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Franco-Swiss Catering Co. of the United States.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Alaska Fishermen's Packing Co. (*West Virginia*).—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Yakutat & Southern Railway Co. (*West Virginia*).—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Yakutat & Southern Railway Co. (*Washington*).—This company is a common carrier, owning and operating a railroad about 10 miles in length in Alaska. The entire capital stock of this company is held by individuals for the benefit of Libby, McNeill & Libby.

Michigan Canning & Machinery Co.—This company, organized under the laws of Michigan, was formerly engaged in the business of manufacturing canners' machinery at Kalamazoo, Mich. In 1916 the company disposed of its property and business to the Dunkley Co. and retired from business. The entire capital stock of this company is held by individuals for the benefit of the Dunkley Co.

Alaska Fishermen's Packing Co. (*Oregon*).—This company is out of existence.

North Alaska Salmon Co. (*Washington*).—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Foster Packing Co.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

American Milk Products Co.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Delaware Canning Co.—This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

Emery Food Co.—This company owned no property and did no business prior to February, 1918, since which date it has been conducting a brokerage business in canned goods. The entire capital stock of this company is held by individuals for the benefit of Libby, McNeill & Libby.

(Signed) HENRY VEEDER.

MW:R

Francis E. Baldwin,

LAW OFFICES ALBERT H. & HENRY VEEDER,
76 West Monroe Street, Chicago, May 29, 1918.
Francis E. Baldwin.

FEDERAL TRADE COMMISSION, *Chicago, Ill.*

GENTLEMEN: I have in my office original minute books of the secretary or assistant secretary of the following corporations in which Swift & Co. or some of its subsidiaries are interested:

Fort Worth Stock Yards Co.
St. Joseph Tanning Co.
Security Mutual Casualty Co.
Denver Union Stock Yards Co.
Centralia Coal Co.
Clinch River Extract Co.
Independent Salt Co.
South St. Paul Water Co.
A. C. Lawrence Leather Co.
Union Rendering Co. (Colorado).
Record Stockman Publishing Co.

I also have in my office original minute books of the Secretary or Assistant Secretary of the following corporations in which Libby, McNeill & Libby or some of its subsidiaries are interested, and which are in my office temporarily:

Yakutat & Southern Railway Co.
North Alaska Salmon Co. (inactive).

I also have in my office, as Secretary or Assistant Secretary, minute books of corporations in which the Estate of G. F. Swift or individuals of the Swift family are interested, but in which Swift & Co. or Libby, McNeill & Libby or their subsidiaries have no interest:

National Packing Co. (N. J.) (inactive).
National Car Line (inactive).
Chicago-New Orleans Land & Improvement Co. (Ltd.) (inactive).
Bayfield Investment Association.
Fred K. Higbie Co. (in liquidation).
North Shore Fuel Supply Co. (in liquidation).
St. Louis National Stock Yards.

(Signed) HENRY VEEDER.

[Telegram.]

FEDERAL TRADE COMMISSION,
Washington, June 7, 1918.

SWIFT & Co., *Chicago, Ill.:*

No reply received to Commission's letter May 24 subject Swift allied companies. Now overdue. Send immediately all information or part completed and advise when remainder can be ready. Must be received promptly if to be considered for Commission's report.

FEDERAL TRADE COMMISSION,
FRANCIS WALKER,
Chief Economist.

[Telegram.]

S F Union Stock Yards Ills 1010 A 8

1918 Jun 8 A M 11 23

FEDERAL TRADE COMMISSION,
Mr. FRANCIS WALKER, *Chief Economist, Washington, D. C.:*

Answering your telegram seventh. Swift allied companies mailing to-day all information possible. Will report on some companies daily until all handled. Will endeavor to have all information mailed by Wednesday, June twelfth.

SWIFT & Co.

SWIFT & Co., UNION STOCK YARDS,
Chicago, June 8, 1918.

FEDERAL TRADE COMMISSION,
FRANCIS WALKER, *Chief Economist, Washington, D. C.:*

SWIFT ALLIED COMPANIES.

GENTLEMEN: Answering your communication of May 24th per E. W. R. on the above subject, the following is such information as we are able to furnish you at this time and we will mail you by Wednesday June 13 such further information as we may secure and hope to cover all companies in which we are interested.

American Milk Products Co.[1]—This corporation is owned by Libby, McNeill & Libby, a 100 per cent subsidiary of Swift & Co.

(1) Principal business office: 322–324 West Kinzie Street, Chicago.

(2) Nature of principal business and important side line: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock, $2,500.00; 25 shares at $100 per share; Philip Larmon 5 shares, Robert E. Fisher 5 shares; H. J. Aaron 10 shares, A. L. Lettermann 5 shares. Above stock is held for benefit of Libby—Maine.

(4) Total other stock issued and outstanding: None.

Union Condensed Milk Co. (Illinois).[1]—This company's charter is owned by Libby, McNeill & Libby, a 100 per cent subsidiary of Swift & Co. The company is not operating.

(1) Principal business office: 322–324 West Kinzie Street, Chicago.

(2) Nature of principal business and important side line: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock $2,500; 25 shares at $100 per share; Philip Larmon 15 shares, Henry W. Hardy 5 shares, David B. Gore 5 shares. The above stock is held for the benefit of Libby—Maine.

(4) Total other stock issued and outstanding: None.

Michigan Canning & Machinery Co. (Michigan).[1]—This company retired from business in 1916 and disposed of its property. It was owned by the Dunkley

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[[1] See letter of July 1, 1918, p. 538.—FEDERAL TRADE COMMISSION.]

Co., which latter company is controlled by Libby, McNeill & Libby, a 100 per cent subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side line: This company, organized under the laws of Michigan, was formerly engaged in the business of manufacturing machinery at Kalamazoo, Mich. In 1916 the company disposed of its property and business to the Dunkley Co. and retired from business.

(3) Total voting securities issued and outstanding: Capital stock $125,000 (115,700 issued); 1,157 shares at $100 per share; Melville E. Dunkley, 1 share, Samuel J. Dunkley 1 share, Francis E. Baldwin 1 share, Philip Larmon 1 share, Henry W. Hardy 1 share, William F. Burrows 1,152 shares.

(4) Total other stock issued and outstanding: None.

B. K. Willard Co. (Illinois).—This company owns no property and does no business. Its stock is held for the benefit of Libby, McNeill & Libby, Maine corporation.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side lines: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock, $2,500; 25 shares at $100 per share; Edw. G. McDougall, 15 shares; Henry W. Hardy, 5 shares; Henry J. Aaron, 5 shares. The above stock is held for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Foster Packing Co. (Illinois).—This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side lines: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock, $10,000; 100 shares at $100 per share; Edw. G. McDougall, 30 shares; Henry W. Hardy, 40 shares; Henry J. Aaron, 30 shares. The above stock is held for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Alaska Fishermen's Packing Co. (West Virginia).—This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side line: Trade name only. This company owns no property and does no business, but has filed an application for a patent to some real estate in Alaska, which application is still pending and we therefore have not dissolved this corporation for the reason that if a patent is granted it will be issued in the name of the Alaska Fishermen's Packing Co., which must then be in existence in order to transfer the title by deed to Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock, $5,000; 50 shares at $100 per share; Philip Larmon, 17 shares; Henry W. Hardy, 17 shares; Henry J. Aaron, 16 shares. The above stock is held for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Emery Food Co. (Illinois).—This company owned no property and did no business prior to February, 1918. This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side line: This company owned no property and did no business prior to February, 1917, since which date it has been conducting a brokerage in canned goods. The entire capital stock is held by individuals for the benefit of Libby, McNeill & Libby.

(3) Total voting securities issued and outstanding: Capital stock, $10,000; 100 shares at $100 per share; Edw. G. McDougall, 30 shares; Harry Williams, 1 share; Henry W. Hardy, 40 shares; David B. Gore, 29 shares. The above stock is held by individuals for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Franco-Swiss Catering Co. (Illinois).—This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side line: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby. We expect to dissolve this corporation very shortly.

(3) Total voting securities issued and outstanding: Capital stock, $10,000; 100 shares at $100 each; H. J. Aaron, 50 shares; Arthur C. Ide, 25 shares; Albert L. Lettermann, 25 shares. The above is held by these individuals for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Delaware Canning Co. (Delaware).—This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street.

(2) Nature of principal business and important side line: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby. We expect to dissolve this corporation very shortly.

(3) Total voting securities issued and outstanding: Capital stock, $5,000; 50 shares at $100 per share; Edw. G. McDougall, 10 shares; Henry W. Hardy, 10 shares; Harry Williams, 10 shares; Albert Bettcher, 10 shares; C. H. Emery, 10 shares. The above is held for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Emery Provision Co. (Illinois).—This company is owned by Libby, McNeill & Libby, a subsidiary of Swift & Co.

(1) Principal business office: 76 West Monroe Street, Chicago.

(2) Nature of principal business and important side lines: Trade name only. This company owns no property and does no business. Its charter is owned by Libby, McNeill & Libby. We expect to dissolve this corporation very shortly.

(3) Total voting securities issued and outstanding: Capital stock, $10,000; 100 shares at $100 each; Edw. G. McDougall, 30 shares; Henry W. Hardy, 40 shares; Henry J. Aaron, 30 shares. The above stock is held for the benefit of Libby, Maine.

(4) Total other stock issued and outstanding: None.

Dominion Market Co. (Ltd.) (Canada).

B. C. Market Co. (Ltd.) (Canada).

Forty-one Market Co. (Ltd.) (Canada).

Revelstoke Market Co. (Ltd.) (Canada).

The above companies operated retail or wholesale companies in Canada and were owned by the Swift Canadian Co. (Ltd.), a subsidiary of Swift & Co. They discontinued business prior to January 1, 1917, and have either surrendered their charters or are in the process of liquidation.

Alberta Cold Storage Co. (Ltd.) (Canada).

Lethbridge Cold Storage Co. (Ltd.) (Canada).

Fort William Cold Storage Co. (Ltd.) (Canada).

The above companies were chartered to conduct cold-storage warehouse business in Canada, but had either never operated or had ceased to operate prior to January 1, 1917. These charters were held by the Swift Canadian Co. (Ltd.), a subsidiary of Swift & Co.

Brelsford Packing & Storage Co. (Harrisburg, Pa.).—This company was a subsidiary of Swift & Co., but was dissolved or its business turned over to Swift & Co. April 29, 1916, since which time the company has ceased to operate. Organization schedule was furnished you on this company.

Omaha Hotel Supply Co.—(1) Principal business office: Los Angeles, Cal.

(2) Nature of principal business and important side line: Hotel supply business.

(3) Total voting securities issued and outstanding: Capital stock $10,000; 100 shares at $100 each held for the benefit of Swift & Co.

(4) Total other stock issued and outstanding: None.

Swift Fertilizer Works.—(1) Principal business office: Chicago, Ill.

(2) Nature of principal business and important side lines: Organized under the laws of Illinois to conduct a fertilizer business. Disposed of all its property to Swift & Co., Illinois, December 27, 1913, and thereafter ceased to operate.

(3) Total voting securities issued and outstanding: Nominal capital $2,000; 20 shares $100 each owned by Swift & Co.

(4) Total other stock issued and outstanding: None.

Fort Garry Market Co. (Ltd.) (Canada).—(1) Principal business office: Winnipeg, Manitoba Province, Canada.

(2) Nature of principal business and important side line: Engaged in retail meat business in the city of Winnipeg, Manitoba, Canada. Disposed of its [stock] on hand in May, 1918, and retired from business. This company was entirely owned by Swift Canadian Co. (Ltd.), a subsidiary of Swift & Co.

Fred K. Higbie Co.—This company is out of existence and neither Swift & Co. nor any of its subsidiaries ever had any interest in the capital stock of this company. This company ceased business July 4, 1914.

Underwood Market Co.—This company operated a retail market on the premises of the Omaha Packing Co., Chicago, a subsidiary of Swift & Co. The entire stock was owned by Swift & Co., and the entire business was transferred to the Omaha Packing Co., June 23, 1917, and the Underwood Market Co. ceased to do business after that date.

Hammond Beef Co. (Chicago).—(1) Principal business office: Hammond, Mich.

(2) Nature of principal business and important side lines: Selling branch of Swift & Co.

(3) Total voting securities issued and outstanding: Capital stock, $20,000 paid in; 200 shares at $100 per share. Entire stock held for the benefit of Swift & Co.

(4) Total other stock issued and outstanding: None.

Hartford Beef Co.—This corporation ceased to do business prior to January 1, 1917, and still retains its charter, and its capital stock of $10,000, represented by 100 shares at par value of $100 is held for the benefit of Swift & Co.

Geo. Hotchkiss & Co. (Ltd.)—This company was dissolved May 14, 1914.

South St. Paul Water Co.—(1) Principal business office: South St. Paul, Minn.

(2) Nature of principal business and important side line: Pumping water for city use.

(3) Total voting securities issued and outstanding: Capital stock, $10,000.

(4) Total other stock issued and outstanding: 100 shares at $100 per share. This company's contract expired in October, 1917, and while retaining its charter it has ceased to operate. Its capital stock is entirely owned by Swift & Co.

Organization schedule was sent you on this company.

Western Live Stock Express.—The capital stock of this company was owned by the National Manufacturing Co., of which company in turn Swift & Co. owned 55 per cent. Western Live Stock Express sold its cars to the National Manufacturing Co. in June, 1917, and discontinued operations.

Yours, respectfully,

SWIFT & CO.,
(Signed) Per J. G. S.

Gen. Acctg. Dept.
JGS: GG

Telegram.

SE/MVB
6-11-18

FEDERAL TRADE COMMISSION,
Washington, June 12, 1918.

ALBERT H. & HENRY VEEDER,
1200, 76 West Monroe Street, Chicago, Ill.:

Please send to Federal Trade Commission, Washington, immediately 1915 list of companies handled in your office, also statement by Weigle as to "our companies," also list of all corporations whose minute books are in your office which was promised Examiner Evans by Lettermann. Lettermann knows about all these, and they should all be ready by this time. The Commission desires them for immediate use. Please wire when these are to be sent.

FEDERAL TRADE COMMISSION,
FRANCIS WALKER, *Chief Economist.*

LAW OFFICES OF ALBERT H. & HENRY VEEDER,
76 West Monroe Street, Chicago, June 13, 1918.
Francis E. Baldwin.

FRANCIS WALKER, Esq.
Chief Economist, Washington, D. C.

DEAR SIR: I have your telegram of the 12th inst., and in reply thereto inclose herewith statement showing status of various corporations listed on my books, and which I understand to be referred to in your telegram as "statement by Weigle as to 'our companies.'" I also inclose list of all corporations whose minute books are in my office.

I will mail you the 1915 list of companies handled in my office this week.

Sincerely, yours,

(Signed) HENRY VEEDER.
A L L

Enclosure 2.

[Telegram.]

FEDERAL TRADE COMMISSION,
Washington, June 17, 1918.

SWIFT & Co.,
Union Stock Yards, Chicago, Ill.:

You ar hereby notified, in accordance with Section 10 of Federal Trade Commission Act, that the remainder of your reply to Commission's requirement of May 24 has not been received, and that you are in default thereon.

FEDERAL TRADE COMMISSION,
L. L. BRACKEN, *Secretary.*

JUNE 17, 1918.

SWIFT & Co.,
Union Stock Yards, Chicago, Ill.

"CONFIRMATION OF TELEGRAM."

GENTLEMEN: This will confirm telegram which the Federal Trade Commission is sending you to-day, as follows:

"You are hereby notified, in accordance with Section 10 of Federal Trade Commission Act, that the remainder of your reply to Commission's requirement of May 24 has not been received and that you are in default thereon."

Yours truly,

FEDERAL TRADE COMMISSION,
(Signed) L. L. BRACKEN, *Secretary.*

SWIFT & Co.,
Union Stock Yards, Chicago, June 17, 1918.

FEDERAL TRADE COMMISSION,
FRANCIS A. WALKER, *Chief Economist,*
Washington, D. C.

SWIFT ALLIED COMPANIES (W. D.).

GENTLEMEN: Referring to the last paragraph of your letter of May 24 on the above subject, we have transmitted youi request and list of companies to the clerk of the Swift family and presume he will answer you directly on this subject.

Yours respectfully,

SWIFT & Co.
(Signed) Per J. G. S.

Genl. Acctg. Dept.
J. G. S.—E. L. S.

LAW OFFICES ALBERT H. & HENRY VEEDER,
76 West Monroe Street, Chicago, June 17, 1918.
Francis E. Baldwin.

Hon. FRANCIS WALKER,
Chief Economist, Federal Trade Commission,
Washington, D. C.

DEAR SIR: Replying further to your telegram of June 12, in which you ask that we send to the Federal Trade Commission, Washington, immediately, "1915 list of companies handled" in our office; also "statement of Weigle as to 'our companies,'" and "list of all corporations whose minute books are 'in our office'": I would say that on June 13 we sent you Weigle's statement and the statement as to the minute books.

We now inclose statement showing names of corporations listed in our office as of April 1, 1915, as near as we can now make out the list, in which Swift & Co. or its subsidiaries, or the estate of G. F. Swift, or individuals of the Swift family were interested. Many of the companies in this list we did not handle, but they were on the records in our office for our information.

We would also call attention to the fact that the list of corporations for 1917 handed Mr. Haycraft by this office, likewise contained the names of many corporations which were not handled in this office, but which were on the records in this office solely for our information. This was explained to Mr. Haycraft at the time.

Sincerely yours,

(Signed) ALBERT H. & HENRY VEEDER.

LIST OF CORPORATIONS FURNISHED THE FEDERAL TRADE COMMISSION BY ALBERT H. AND HENRY VEEDER AS OF APRIL 1, 1915.

A. Canfield Commission Co. (New Jersey).
A. C. Lawrence Leather Co. (Illinois).
A. C. Lawrence Leather Co. (Maine).
Ahuimanu Pineapple & Ranch Co. (Ltd.) (Territory of Hawaii).
American Milk Co. (Illinois).
American Milk Products Co. (Illinois).
Anacortes Lumber & Box Co. (Washington).
Atlantic Fertilizer Co. (Maryland).
B. C. Market Co. (Ltd.) (Canada, Province of British Columbia).
Bimbler Co. (New Jersey).
Blair Horse & Mule Co. (Missouri).
Breisford Packing & Storage Co. (Pennsylvania).
Brighton Stock Yards Co. (Maine).
Cahill Beef Co. (Maine).
Chapman Coal Co. (Maine).
Consolidated Rendering Co. (Maine).
Denver Stock Yards Bank (Colorado).
Derby Desk Co. (Illinois).
Dominion Market Co. (Ltd.), (Canada)
East St. Louis Rendering Co. (Illinois).
E. K. Pond Packing Co. (Illinois).
Fort Worth Stock Yards Co. (West Virginia).
George Nye Co. (Massachusetts).
H. L. Handy Co. (Massachusetts).
Independent Salt Co. (West Virginia).
John P. Squire & Co. (Maine).
John P. Squire & Co. (Inc.) (Rhode Island).
Kenton Traction Co. (Oregon).
Kentucky Packing Co. (Kentucky).
Kenwood Land Co. (Oregon).
Libby, McNeill & Libby (Maine).
Libby, McNeill & Libby of Honolulu (Ltd.) (T. of Hawaii).
Metropolitan Hotel Supply Co. (Maine).
Missouri State Realty Co. (Missouri).
National Calfskin Co. (Maine).
National Leather Manufacturing Co. (Michigan).

National Manufacturing Co. (Maine).
National Packing Co. (Maine).
New England Dressed Meat & Wool Co. (Maine).
New England Stock Yards (Maine).
North Packing & Provision Co. (Maine).
Northwestern Glue Co. (Illinois).
Peninsula Industrial Co. (Oregon).
Portland Union Stock Yards Co. (Oregon).
Reporter Publishing Co. (Oregon).
St. Joseph Belt Railway Co. (Missouri).
St. Joseph Cattle Loan Co. (Missouri).
St. Joseph Stock Yards Bank (Missouri).
St. Joseph Stock Yards Co. (Missouri).
Security Mutual Casualty Co. (Illinois).
South St. Joseph Town Co. (Missouri).
Southwestern Mechanical Co. (New Jersey).
Springfield Provision Co. (New Hampshire).
St. Joseph Tanning Co. (West Virginia).
St. Louis National Stock Yards (Illinois).
Stock Yards Bank (Illinois).
Stock Yards National Bank (United States).
Stock Yards National Bank (United States).
St. Paul Bridge & Terminal Railway Co. (Minnesota).
St. Paul Tannery (Minnesota).
Sturtevant & Haley Beef & Supply Co. (Massachusetts).
Swift & Co. (Delaware).
Swift & Co. (Maine).
Swift & Co. (West Virginia).
Swift Beef Co. (Maine).
Swift Live Stock Transporation Co. (Maine).
Swift Packing Co. (Illinois).
Swift Refrigerator Transportation Co. (Maine).
Terminal Stock Yards Co. (New Jersey).
The Denver Union Stock Yard Co. (Colorado).
The Hartford Beef Co. (Connecticut).
The National Cattle Loan Co. (Delaware).
The National Stock Yards National Bank (United States).
The Smith Bros. Packing Co. (Colorado).
The Sperry & Barnes Co. (Connecticut).
The Union Rendering Co. (Colorado).
The Western Packing Co. (Colorado).
Union Condensed Milk Co. (Illinois).
Union Ice & Cold Storage Co. (Missouri).
Union Meat Co. (Oregon).
Union Rendering Co. (Missouri).
Union Stock Yards of Toronto (Ltd.) (Canada).
Union Terminal Railway Co. (Missouri).
Van Wagenen & Schickhaus Co. (New Jersey).
Vermont Supply Co. (Massachusetts).
Western Live Stock Express Co. (Maine).
White, Pevey & Dexter Co. (Maine).
Fort Garry Market Co. (Ltd.) (Canada, Province of Manitoba).
Fred K. Higbie Co. (Illinois).
Libby, McNeill & Libby (Ltd.) (Louisiana).
National Leather Co. (Illinois).
National Oil & Hide Co. (Ltd.) (England).
National Packing Co. (Ltd.) (Louisiana).
Northern Reduction Co. (Wisconsin).
Swift & Co. (Ltd.) (Louisiana).
Swift Beef Co. (Ltd.) (England).
The London Butchers' Hide & Skin Co. (Ltd.) (England).
The Record Stockman Publishing Co. (Colorado).
Western Cold Storage Co. (Wisconsin).
Alamo Oil and Refining Co. (Texas).
Atlanta Hotel Supply Co. (Arizona).

Canadian Western Lumber Co. (Ltd.) (Canada).
Fraser River Lumber Co. (Ltd.) (British Columbia, Canada).
South San Francisco Land & Improvement Co. (California).
Swift Packing Co. (France).
The West Texas Town Lot Co. (Texas).
Western Meat Co. (California).
W. F. Priebe Co. (Illinois).
Australian Meat Export Co. (Ltd.) (Australia, State of Queensland).
Franklin Land Investment Co. (Ltd.) (England).
Illinois Cold Storage Co. (Illinois).
Interstate Pyrites Co. (West Virginia).
Mechanical Manufacturing Co. (Illinois).
United Dressed Beef Co., of New York (New York).
Brighton Gin Co. (Tennessee).
Continental Packing Co. (Illinois).
Demcey & Sibley Co. (New York).
H. C. Derby Co. (New York).
Farmers Gin Co. (Tennessee).
Gadsden Gin Co. (Tennessee).
Gates Gin Co. (Tennessee).
Henning Gin Co. (Tennessee).
Henry A. Lane (Ltd.) (England).
Molalla Lumber Co. (West Virginia).
North Fort Worth Townsite Co. (Texas).
Oakland Meat & Packing Co. (California).
Plankington Packing Co. (Wisconsin).
Ripley Cotton & Seed Co. (Tennessee).
South San Francisco Union Stockyards Co. (California).
South St. Paul Water Co. (Minnesota).
Swift & Co. (New Jersey).
Swift Packing Co. (Inc.) (New York).
White Haven Gin Co. (Tennessee).
Winchester Tannery Co. (New Hampshire).
B. K. Willard Co. (Illinois).
Foster Packing Co. (Illinois).
Sioux City Service Co. (New Jersey).
Sociedad Anonima Frigorifico Montevidéo (Uruguay).
St. Paul Union Stockyards Co. (Minnesota).
The Hotchkiss Beef Co. (New York).
Alaska Fishermen's Packing Co. (West Virginia).
Ashland Leather Company (Kentucky).
Centralia Coal Co. (Illinois).
Illinois Cattle Co. (Illinois).
Libby, McNeill & Libby (Ltd.) (England).
Milford Gin Co. (Texas).
Portland Cattle Loan Co. (Oregon).
Swiss-American Trading Co. (Illinois).
Yakutat & Southern Railway Co. (West Virginia).
Emery Food Co. (Illinois).
Libby, McNeill & Libby (West Virginia).
Libby, McNeill & Libby of Canada (Ltd.) (Canada, Province of Ontario).
F. C. Crittenden Co. (New York).
Fort William Cold Storage Co. (Ltd.) (Canada, Province of Ontario).
Fulton Beef Co. (Illinois).
Hammond Co. (New York).
Hammond Co., Philadelphia (Illinois).
Milwaukee Stockyards Co. (Wisconsin).
Bayfield Investment Association (Wisconsin).
Bourbon Stockyard Co. (Kentucky).
Fort Worth Belt Railway Co. (Texas).
Franco-Swiss Catering Co. of the United States (Illinois).
Hawkeye Land Co. (Iowa).
Iowa Rendering Co. (Iowa).
National Box Co. (Illinois).

Northern Rendering Co. (Minnesota).
Omaha Hotel Supply Co. (California).
Sioux City Terminal Railway Co. (Iowa).
Swift & Co. Soap Works (Illinois).
Swift Fertilizer Works (Illinois).
The Sioux City Stockyards Co. (Iowa).
Union Stockyards Gas. Co. (Illinois).
Curry & Co. (Ltd.) (England).
Emery Provision Co. (Illinois).
George Hotchkiss & Co. (Ltd.) (New York).
Hammond Beef Co. (Michigan).
Lethbridge Cold Storage Co. (Ltd.) (Canada, Province of Alberta).
North Shore Fuel & Supply Co. (Illinois).
South San Francisco Belt Railway (California).
South San Francisco Water Co. (California).
St. Louis Dressed Beef & Provision Co. (Missouri).
Swift & Co. Employees Benefit Association.
Swift Wool Co. (Illinois).
The Alberta Cold Storage Co. (Ltd.) (Canada, Province of Alberta).
Underwood Market Co. (Illinois).
Butcher's Hide & Melting Association (New York).
National Car Line Co. (New Jersey).
National Packing Co. New Jersey).
Newark Stockyards (New Jersey).
Omaha Packing Co. (Kentucky).
South Omaha Land Co. (Nebraska).
Swift & Co. (Kentucky).
Swift Canadian Co. (Ltd.) (Canada).
The 41 Market Co. (Canada, Province of Manitoba).
The G. H. Hammond Co. (Michigan).
Union Rendering & Refining Co. (Nebraska).
Wilson & Rogers (New Jersey).
La Plata Cold Storage, Sociedad Anonima (Argentine Republic).
Revelstoke Meat Market (Ltd.) (Province of British Columbia, Canada).

SWIFT & CO.
Union Stock Yards, Chicago, June 18, 1918.

FEDERAL TRADE COMMISSION,
Mr. FRANCIS WALKER, *Chief Economist, Washington, D. C.*

SWIFT ALLIED COMPANIES.

GENTLEMEN: Referring to your letter of May 24 per G. W. R. on the above subject and our partial reply of June 8, this company or its subsidiaries has no financial or business control over, nor does it own any stock in the following companies:

Anacortes Lumber & Box Co. (Washington).
Kentucky Packing Co.
Missouri State Realty Co.
St. Joseph Cattle Loan Co.
Stock Yard Mortgage & Trust Co. (Minnesota).
Stock Yards National Bank.
Stock Yards National Bank.
The Good Will Soap Premium Store.
St. Paul Cattle Loan Co.
Illinois Cattle Co.
Bayfield Investment Co.
Eastern Oregon Live Stock Co.
West Texas Town Lot Co. (Texas).
Molalla Lumber Co. (West Virginia).
Canadian Western Lumber Co. (Ltd.) (Canada).
North Fort Worth Townsite Co.
St. Joseph Stock Yards Bank.
Stock Yards Bank (Illinois).
National Cattle Loan Co. (Delaware).
East St. Louis Rendering Co.
New England Rendering Co.
Fort Worth Belt Railway Co.
South San Francisco Belt Railway Co. (California).
Union Terminal Railway Co. (Missouri).
Union Stock Yards & Transit Co. (Illinois).
Chicago Junction Railway Co.
Chicago Junction Railway & Union Stock Yards Co.

Western Cold Storage Co. (Wisconsin).—The stock of this corporation is and has been held for the benefit of Swift & Co., and has been so reported to your commission.

La Plata Cold Storage Co., S. A.—The name of this company has been changed to "Compania Swift de La Plata, S. A.," and we have at hand an "organization" schedule to be filled out on this company.

We also wish to advise you as follows in regard to other companies shown on your list:

National Packing Co. (Louisiana).—The above company went into liquidation about August 1, 1912.

National Packing Co. (New Jersey).—The above company went into liquidation about August 1, 1912.

National Packing Co. (Maine).—The above company went into liquidation about August 1. 1912.

National Car Line Co.—The above company went into liquidation about August 1. 1912.

Sterling Lumber & Supply Co.—Neither Swift & Co. nor any of its subsidiaries are interested in this company.

Dillon Irrigation Co.—Neither Swift & Co. nor any of its subsidiaries are interested in this company.

New England Stock Yards Co.—Neither Swift & Co. nor any of its subsidiaries are interested in this company.

North Shore Fuel & Supply Co.—Neither Swift & Co. nor any of its subsidiaries are interested in this company.

Buchanan Elevator Co.—1. Principal business office: St. Joseph, Mo.

2. Nature of principal business and important side line: This company owns a grain elevator. Neither Swift & Co. nor any of its subsidiaries are interested in this company.

Union Ice & Cold Storage Co.—1. Principal business office: None.

2. Nature of principal business and important side line: This company has disposed of all its property and retired from business on or about January 1, 1917.

3. Total voting securities issued and outstanding: None.

4. Total other stock outstanding and issued: None.

Milford Gin Co. (Texas).—1. Principal business office: Milford, Texas.

2. Nature of principal business and important side line: Ginning cotton.

3. Total voting securities issued and outstanding: Capital stock, $10,000; 200 shares at $50 per share; C. C. Roberts 1 share, E. T. Ritchie 99 shares, J. J. Bond 1 share, F. W. Dewson 99 shares.

4. Total other stock issued and outstanding: None; 100 shares of this stock is held by F. W. Dewson and J. J. Bond for the benefit of the Consumers Cotton Oil Mills (Not Inc.), Chicago, Ill. The shares of Consumers Cotton Oil Mills (Not Inc.) are held for the benefit of Swift & Co.

White Haven Gin Co.—1. Principal business office: White Haven, Tenn.

2. Nature of principal business and important side line: Ginning cotton.

3. Total voting securities issued and outstanding: Capital stock $6,000; 60 shares at $100 per share. Holders: Emma K. Hale 6 shares, J. W. Hale 12 shares, E. W. Hale 12 shares, F. W. Dewson 28 shares, John K. Speed 1 share, E. T. Lindsey 1 share.

4. Total other stock issued and outstanding: None; 30 shares of this stock is held by F. W. Dewson, J. K. Speed, and E. T. Lindsey for the benefit of Consumers Cotton Oil Mills (Not Inc.), Chicago, Ill. The shares of Consumers Cotton Oil Mills (Not Inc.) are held for the benefit of Swift & Co.

Alberta Cold Storage Co. (*Ltd.*).—Principal business office: None.

2. Nature of principal business and important side line: This is a Canadian company. It owns no property and does no business. Its charter is owned by Swift Canadian Co. (Ltd.).

3. Total voting securities issued and outstanding: Capital stock authorized $100,000 (issued $500); 5 shares at $100 per share; Lester O. Barr 2 shares, Lenos A. Larson 2 shares, Edgar B. Kixmiller 1 share. (The above stock is held for the benefit of Swift Canadian Co. Ltd.)

4. Total other stock issued and outstanding: None.

Yours respectfully,

SWIFT & CO.,
(Signed) Per J. G. S.

Gen. Acctg. Dept.
JGS:GG

SWIFT & CO.,
Union Stock Yards, Chicago, June 18, 1918.

FEDERAL TRADE COMMISSION,
FRANCIS WALKER, *Chief Economist, Washington, D. C.*

SWIFT ALLIED COMPANIES.

GENTLEMEN: Supplementing our other letter of this date, the following information is given in response to your request of May 24 per G. W. R. on the above subject:

National Oil & Hide Co. (Ltd.)—1. Principal business office: London, England.

2. Nature of principal business and important side line: This company does a rendering business in London.

3. Total voting securities issued and outstanding: Capital stock, £10,000 sterling, being 1,000 shares at £10 per share. Stockholders as follows: Chas. H. Swift 100 shares, Geo. H. Swift 100 shares, Harold H. Swift 100 shares, F. S. Hayward 196 shares, L. J. Woodruff 1 share, Chas. Neale 1 share, A. Robinson 1 share, S. Hackett 1 share, Edward Norris 497 shares, Albert Brunning 1 share, J. M. Johnstone 1 share, A. Cohn 1 share.

4. Total other stock issued and outstanding: None. Stockholdings of the first eight named representing a total of 500 shares are held for the benefit of Swift & Co.

Namayo Market Co.—1. Principal business office: Edmonton.

2. Nature of principal business and important side lines: This company supplies hotels and restaurants with meats, etc.

3. Total voting securities issued and outstanding: Capital stock $10,000, 100 shares at $100 per share; 10 shares issued. Stockholders: G. H. Bradley 8 shares, C. T. Spencer 1 share, W. A. MacLeod 1 share.

4. Total other stock issued and outstanding: None. The stock of this company is owned by and held for the benefit of Swift Canadian Co. (Ltd.).

Woodward Meat Department (Ltd.)—1. Principal business office: Vancouver, British Columbia.

2. Nature of principal business and important side line: This company operated a meat department in a department store in Vancouver, but discontinued business several years ago, and the company has been liquidated. When the company was in existence its stock was held for the account of Swift Canadian Co. (Ltd.).

Swift & Co., Employees' Benefit Association.—The above is a voluntary association of employees for the purpose of providing for themselves and their beneficiaries benefits in case of sickness, accident, or death. Swift & Co. being interested in furthering the purpose of this organization have entered into an agreement to pay the operating expenses thereof and to make good any deficiency in its funds to pay obligations to members.

John P. Squire & Co. (Inc.) (Rhode Island).—

John P. Squire & Co. (Maine).—

Swift & Co. own no stock and exercise no financial or business control in the above companies.

Yours respectfully,

SWIFT & CO.
(Signed) Per J. G. S.

Gen. Acctg. Dept.

JGS:GG.

SWIFT & CO.,
Union Stock Yards, Chicago, July 1, 1918.

FEDERAL TRADE COMMISSION,
FRANCIS WALKER, *Chief Economist, Washington, D. C.*

SWIFT ALLIED COMPANIES.

GENTLEMEN: Referring to our letter of June 8 on the above subject, we wish to make the following correction:

On reporting on the American Milk Products Co., Union Condensed Milk Co., Michigan Canning & Machinery Co., we mention these corporations are owned by Libby, McNeil & Libby, a 100 per cent subsidiary of Swift & Co.

This description is only general in its terms, and we should have described Libby, McNeill & Libby, as a corporation, of whose stock Swift & Co. own 79,840 [1] shares. Please make the necessary corrections and oblige,

Yours respectfully,

SWIFT & Co.,
(Signed) Per J. G. S.

Gen. Acctg. Dept.
JGS:GG.

EXHIBIT XIV.

LIST OF CONCERNS ASSURED BY WESTERN CASUALTY CO., A SUBSIDIARY OF ARMOUR & CO.

The Western Casualty Co., a subsidiary of Armour & Co., is engaged in the insurance business, insuring Armour companies. The complete list of the risks reported as assumed by the company is as follows:

SCHEDULE OF RISKS ASSURED BY THE WESTERN CASUALTY CO.

Company.	Location and property.
Armour & Co	Chicago Packing House.
Armour & Co	Branch houses of Illinois.
Armour & Co	Car shops, Chicago.
Armour & Co	Glue works, Chicago.
Armour Fertilizer Works	Chicago, Ill.
North American Provision	Chicago, Ill.
Anglo American Provision	Chicago, Ill.
Friedman Manufacturing Co	Chicago, Ill.
Armour & Co	Branch houses of Texas.
Armour & Co	Fort Worth, Tex.
Armour Fertilizer Works	East St. Louis, Ill.
Armour & Co	East St. Louis, Ill.
Armour & Co	Car shops, East St. Louis.
Armour & Co	Kansas City, Kans.
Fowler Packing Co	Kansas City, Kans.
Armour & Co	Branch houses of Kansas.
Armour & Co	Branch houses of Missouri.
Hammond Packing Co	St. Joseph, Mo.
Colorado Packing & Provision Co	Denver, Colo.
Armour & Co	Branch houses of Colorado.
Utility Operating & Supply Co	East St. Louis, Ill.
Armour Fertilizer Works	Greensboro, N. C.
Tennessee Chemical Co	Americus, Ga.
Armour Leather Co	175 North Franklin Street.
Armour & Co	Car shops, Kansas City.
Armour & Co.	Car Shops, St. Joseph.
Armour & Co.	Round Lake, Ill.
Badger State Tanning Co.	Sheboygan, Wis.
Armour & Co.	Branch houses of Wisconsin.
Tennessee Chemical Co.	Nashville, Tenn.
Tennessee Chemical Co.	Atlanta, Ga.
Armour Fertilizer Works	Atlanta, Ga.
Armour Fertilizer Works	Jacksonville, Fla.
Rome Oil & Fertilizer Works	Rome, Ga.
Armour Fertilizer Works	Bartow, Fla.
Hope Fertilizer Co.	Hope, Ark.
Chattanooga Oxygen Gas Co.	Chattanooga, Tenn.
Armour Fertilizer Works	Houston, Tex.
Sylva Tanning Co.	Sylva, N. C.
Armour Fertilizer Works	Denver, Colo.
Armour Fertilizer Works	Fort Worth, Tex.

[1 Total shares, 80,000—FEDERAL TRADE COMMISSION.]

SCHEDULE OF RISKS ASSURED BY THE WESTERN CASUALTY CO.—continued.

Company.	Location and property.
Armour Fertilizer Works	Kansas City, Kans.
Armour Fertilizer Works	St. Joseph, Mo.
Acme Manufacturing Co.	Fort Worth, Tex.
Lookout Oil & Refining	Chattanooga, Tenn.
Armour Fertilizer Works	Augusta, Ga.
Armour & Co.	Branch houses of Michigan.
Armour & Co.	Mattawan, Mich.
Armour & Co.	Frankfort, Mich.
Cappon & Bertsch Leather	Holland, Mich.
Fruit Growers Express	Benton Harbor and St. Joseph.
Armour & Co	Owosso, Mich.
Neenah Cheese & Cold Storage Co.	Neenah, Wis.
Armour Printing Works	Chicago, Ill.
Wisconsin Dairy Products	Stoughton, Wis.
East St. Louis Cotton Oil	East St. Louis, Ill.
Armour Mechanical Co.	Chicago, Ill.
Armour & Co	Branch houses of Pennsylvania.
Friedman Mfg. Co.	Pittsburgh, Pa.
Utility Operating & Supply Co.	Altoona, Pa.
J. K. Mosser Co.	Noxen, Pa.
J. K. Mosser Co.	Mahaffey, Pa.
J. K. Mosser Co.	Newberry, Pa.
J. K. Mosser Co.	Gleasonton, Pa.
J. K. Mosser Co.	Medix Run, Pa.
J. K. Mosser Co.	Driftwood, Pa.
Empire Tanning Co.	Big Run, Pa.
Pacific Creamery Co.	Tempe, Ariz.
Armour & Co.	Bloomer, Wis.
Central Box Board Co.	Rock Falls, Ill.
Neenah Cheese & Cold Storage Co.	Chicago, Ill.
Armour & Co.	Branch houses of New York.
New York Butchers Dressed Meat Co.	New York City, N. Y.
Armour & Co.	Westfield, N. Y.
H. L. Brown Co.	New York City.
Armour Fertilizer Works	Hamilton, Ill.
Rathborne Hair & Ridgway	Chicago, Ill.

EXHIBIT XV.

LIST OF CONCERNS ASSURED BY SECURITY MUTUAL CASUALTY CO., A SUBSIDIARY OF SWIFT & CO.

According to a letter of May 2, 1918, from the Security Mutual Casualty Co., the company was organized "to transact a general mutual casualty business and has been doing so since its organization and has not restricted its operations to insuring Swift & Co. and its subsidiaries."

Very many of the companies in the list of concerns assured by the Security Mutual are either subsidiaries of Swift & Co., or controlled by Swift family interests. The complete list furnished by the letter of May 2 is as follows, the data being for the close of the calendar year 1917:

LIST OF OUR ASSURED AND THEIR ADDRESSES.

Company.	Location and property.
Alamo Oil & Refining Co	San Antonio, Tex.
Albany Rendering Co	Albany, N. Y.
Alvord Gin	Alvord, Tex.

LIST OF OUR ASSURED AND THEIR ADDRESSES—continued.

Company.	Location and property.
Andalusia Packing Co	Andalusia, Ala.
Arlington Gin	Arlington, Tex.
Ashland Leather Co	Ashland, Ky.
Axtell Cotton Gin	Axtell, Tex.
Bencini Cotton Oil Mills	Brady, Brownwood, Stephenville, Hico, Hamilton, Coleman, and Fort Worth, Tex.
Bencini Cotton Oil Mills (peanuts)	Dublin, Tex.
Bauhof, Wm. (gin)	Melvin, Tex.
Bimbler Co	30 Plane Street, Newark, N. J.
Boston Fresh Tripe Co	Brighton, Mass.
Brighton Gin Co	Brighton, Tex.
Brighton Stock Yards Co	Newark, N. J.
Brigman Gin	Brigman, Tex.
Buchan Gin Co	De Leon, Tex.
Buchan & Son (gin)	Desdemona, Tex.
Buck & Son, Chas	Brighton, Mass.
Burlington Rendering Co	Burlington, Vt.
Butchers Rendering Co	Fall River, Mass.
Caddo Mills Gin	Caddo Mills, Tex.
Canfield, A., Commission Co	40 Plane Street, Newark, N. J.
Clinch River Extract Co	St. Paul, Va.
Clinton Market Provision Co	108 South Market Street, Boston, Mass.
Collierville Gin Co	Collierville, Tenn.
Colonial Hide Co	St. John's, New Brunswick.
Consolidated Rendering Co	40 North Market Street, Boston, Mass.
Darling, L. B., Fertilizer Works	Worcester, Mass., and Pawtucket, R. I.
Davis, J. B. (gin)	Dublin, Tex.
Decatur Gin	Decatur, Tex.
Demcey & Sibley	Cuba, N. Y.
Derby, H. C., Co	622 West Thirty-ninth Street, New York, N. Y.; 425 Fairmont Avenue, Philadelphia, Pa.
East Waco Electric Gin	Waco, Tex.
Elk Cotton Gin	Elk, Tex.
Essex Gelatine Co	Peabody, Mass.
Farmers Gin	Beasley, Tex.
Fort Garry Market Co. (Ltd.)	Winnipeg, Manitoba.
Fort Worth Cotton Oil Mills	Fort Worth, Tex.
Fort Worth Gin	Fort Worth, Tex.
Gadsden Gin Co	Gadsden, Tenn.
Gates Gin Co	Gates, Tenn.
Gatesville Cotton Oil Mill	Gatesville, Tex.
Grapevine Gin	Grapevine, Tex.
Grand Prairie Gin	Grand Prairie, Tex.
Hammond Co., The G. H	Forty-fifth and Center Streets, Chicago, Ill.
Handy, H. L., Co	Hartford, Conn.
Handy, H. L., Co	45 Hampden Street, Springfield, Mass.
Handy, H. L., Co	8 Market Street, Northampton, Mass.
Hawkeye Land Co	Sioux City, Iowa.
Henderson, E. (gin)	Brookesmith, Tex.
Henning Gin Co	Henning, Tenn.
Hinckley Rendering Co	Somerville, Mass.
Hoen Gin	Hoen, Tex.
Hollis, N. E., & Co	47–53 North Market Street, Boston, Mass.
Hotchkiss Beef Co	Port Chester, N. Y.

LIST OF OUR ASSURED AND THEIR ADDRESSES—continued.

Company.	Location and property.
Houston Cotton Oil Mills	Houston, Tex.
Illinois Cold Storage Co	Union Stock Yards, Chicago, Ill.
Independent Salt Co	Kanopolis, Kans.
Iowa Horse Commission Co	Sioux City, Iowa.
Iowa Rendering Co	Sioux City, Iowa.
Itasca Cotton Oil Mill	Itasca, Tex.
Jonesboro Gin	Jonesboro, Tex.
Kingman & Swift	Brockton, Mass.
Lawrence, A. C., Leather Co	Peabody, Mass.
Levi Gin	Levi, Tex.
Little Rock Gin Co	Little Rock, Ark.
Little Rock Cotton Oil Mill	Little Rock, Ark.
Love & Son (gin)	De Leon, Tex.
Lowell Fertilizer Works	North Billerica, Mass.
Lowell Rendering Co	North Billerica, Mass.
Manchester Rendering Co	Manchester, N. H.
Marsh Co., The Geo. E	393 Chestnut Street, Lynn, Mass.
Maxfield, S. A., Co	Bangor, Me.
Metropolitan Supply Co	New York, N. Y.
Mechanical Manufacturing Co	Union Stock Yards, Chicago, Ill.
Milwaukee Stock Yards Co	Milwaukee, Wis.
Missouri River Bridge Co	Sioux City, Iowa.
National Calfskin Co	Peabody, Mass.
National Leather Co	210 Purchase Street, Boston, Mass.
National Leather Manufacturing Co	Niles, Mich.
Newark Stock Yards Co	Newark, N. J.
New Haven Rendering Co	New Haven, Conn.
New England Dressed Meat & Wool Co	41 North Market Street, Boston, Mass.
Northern Reduction Co	Milwaukee, Wis.
North Packing & Provision Co	Somerville, Mass.
Northwestern Glue Co	Union Stock Yards, Chicago, Ill.
Nye Co., Geo	130-132 Lyman Street, Springfield, Mass.
Omaha Packing Co	2320 South Halsted Street, Chicago, Ill.
Osage Gin	Osage, Tex.
Perry, F. S., Gin	Gorman, Tex.
Perry, F. S., Peanut Mill	Gorman, Tex.
Perry, N. A., & Co. (gins)	Brady, Brownwood, Blanket, Granbury, Goldthwaite, Hobbs, Hall Valley, Ireland, Mullern, Mason, Milburn, Mercury, Placid, Pioneer, Richland Springs, Rising Star, Talpa, Theney, Walnut Springs, and Winchell, Tex.
Plankinton Packing Co	Milwaukee, Wis.
Plano Gin	Plano, Tex.
Planters Gin	Rosenburg, Tex.
Pond Packing Co	515 West Twenty-fourth Place, Chicago, Ill.
Portland Abattoir	Portland, Me.
Portland Rendering Co	Portland, Me.
Priebe, W. F. & Co., et al	192 North Clark Street, Chicago, Ill.
Quinlan Gin	Quinlan, Tex.
Ripley Gin	Ripley, Tex.
Rotan Cotton Oil Co	Rotan, Tex.
Rotan Grocery Co. (gin)	Purves, Tex.
Sadler Gin	Coryell, Tex.
Shelby County Cotton Oil Mill	Memphis, Tenn.
Sioux City Stock Yards Co	Sioux City, Iowa.
Sioux City Bridge & Terminal Railway Co	Sioux City, Iowa.
Skinner, Geo. E. Co	28 Faneuil Hall Square, Boston Mass.

LIST OF OUR ASSURED AND THEIR ADDRESSES—continued.

Company.	Location and property.
South Side Plumbing Co	Union Stock Yards, Chicago.
South St. Paul Daily Reporter Co	South St. Paul, Minn.
South St. Paul Sand & Gravel Co	South St. Paul, Minn.
Sperry & Barnes Co., The	New Haven, Conn.
Springfield Provision Co	Brightwood, Mass.
Springfield Rendering Co	Chicopee, Mass.
Squire, J. P. & Co	Somerville, Mass., Cambridge and Boston.
St Joseph Journal Publishing Co	South St. Joseph, Mo.
St. Joseph Stock Yards Co	South St. Joseph, Mo.
St Joseph Tanning Co	South St. Joseph, Mo.
St. Joseph Warehouse & Cold Storage Co	South St. Joseph, Mo.
St Paul Bridge & Terminal Railway Co	South St. Paul, Minn.
St. Paul Stock Yards Co	South St. Paul, Minn.
Stamper, F. M., Co	Moberly, Mo.
Stephenville Gin Co	Stephenville, Tex.
Stephenville Light & Power Co	Stephenville, Tex.
Stevenson, W. T., Gin	Dublin, Tex.
Stone, B. F. (gin)	Rochelle, Tex.
Sturtevant & Haley Beef and Supply Co	Somerville, Mass.
Sunset Gin	Sunset, Tex.
Suffolk Hide Co	Somerville, Mass.
Swift & Co	Chicago, Ill.
Swift Canadian Co. (Ltd.)	Winnipeg, Manitoba.
Swift & Co. soap works	Cambridge, Mass.
Swift & Co. butterine factory	Cambridge, Mass.
Swift & Co. and/or L. T. Cox	Erie, Pa.
Swift, E. C., & Co	98 South Market Street, Boston, Mass.
Swift, G. F., & Co	91 Clinton Street, Boston, Mass.
Swift Beef Co	54 North Market Street, Boston, Mass.
Swift, Coates Co	Clay Hill, Greenfield, Mass.
Swift Wool Co	Hathaway Building, Boston, Mass.
Swift, Edw. F	1550 North State Parkway, Chicago, Ill.
Syracuse Rendering Co	Syracuse, N. Y.
Turnerville Gin	Turnerville, Tex.
Underwood Market Co	2320 South Halsted Street, Chicago, Ill.
Union Rendering Co	Denver, Colo.
Union Rendering Co	South St. Paul, Minn.
United Dressed Beef Co	780 First avenue, New York, N. Y.
Van Wagenen & Schickhaus Co	30 Plane Street, Newark, N. J.
Vermont Supply Co	37 South Market Street, Boston, Mass.
Weymouth Wool Co	Newport, Me.
White, Pevey & Dexter Co	Worcester, Mass.
Winchester Tannery Co	Winchester, N. H.
Western Flour Mills Co	Davenport, Iowa.
Waco Cotton Oil Mill	Waco, Tex.
Ward, A. L. (gin)	Stephenville, Tex.
West Cotton Oil Mill	West, Tex.
Whitehaven Gin Co	Whitehaven, Tenn.
Whitewright Gin	Whitewright, Tex.
Williamson, A. L. (gin)	Rochelle, Tex.
Worcester Rendering Co	Auburn, Mass.
Wylie Gin	Wylie, Tex.

EXHIBIT XVI.

"AT INTERSTATE INSURANCE EXCHANGE," A JOINT ARRANGEMENT BY CERTAIN SWIFT-CONTROLLED COMPANIES.

In connection with Exhibits XIV and XV, the following statement may be noted as to a joint arrangement concerning insurance which is in effect between 19 companies controlled by the Swift interests or by Swift & Co. The statement is from a letter written to the Commission by H. C. Thom, the manager, advising as to the organization of the Exchange and its business.

AT INTERSTATE INSURANCE EXCHANGE.

Address all mail to H. C. Thom, Union Stock Yards, Chicago.

Chicago, May 31, 1918.

SPECIAL REPORT OF BUSINESS AT INTERSTATE INSURANCE EXCHANGE.

FEDERAL TRADE COMMISSION,
Washington, D. C.

GENTLEMEN: * * * Interstate Insurance Exchange is not an entity, being neither an association, a corporation, nor an individual. It is simply a place at which Swift & Co. and other corporations, as per attached list, exchange indemnity against loss by fire to their own property by issuing policies through a manager, who has been authorized to act as agent for each separate corporation.

These corporations are not engaged in any insurance business in the ordinary sense. The liability of each corporation is separate and not joint. A separate account is kept with each corporation. There is no capital stock or joint funds, but the losses are paid from the separate contributions of the separate corporations.

The premiums collected for policies issued at this office are credited to the separate corporations and constitute, after each has paid its proportion of losses and expenses, insurance reserves of those separate corporations.

The only sources of income at this office are such premiums and interest on the reserves accumulated to meet future losses. All of such premiums and interest, after losses and expenses have been paid, are either paid or credited to each separate corporation as a reserve, taken up by that corporation on its books as reserve or saving.

Yours very truly,

H. C. THOM, *Manager.*

HCT—EK.

PARTIES TO THE AGREEMENT AT INTERSTATE INSURANCE EXCHANGE.

Swift & Co.
Libby, McNeill & Libby.
North Packing & Provision Co.
John P. Squire & Co.
White, Pevey & Dexter Co.
Springfield Provision Co.
The Sperry & Barnes Co.
Consolidated Rendering Co.
The George E. Marsh Co.
A. C. Lawrence Leather Co.
National Calf Skin Co.
Winchester Tannery Co.
National Leather Co.
Wilson & Rogers.
Union Rendering Co. (Minn.).
Northern Reduction Co.
Swift Canadian Co. (Ltd.).
Swift Wool Co.
New England Dressed Meat & Wool Co.

EXHIBIT XVII.

BY-PRODUCTS OF THE SLAUGHTERING AND MEAT PACKING INDUSTRY.[1]

By C. V. WHALIN, Bureau of Markets.

Section 1.—Introductory.

The main product of a slaughtering establishment is meat, but a considerable proportion of each animal consists of other materials and these are termed by-products. They include the offal, or those parts of the animal other than the dressed carcass, excepting substances actually lost in the process of slaughtering—mostly water.

On a live-weight basis the approximate relative proportion of carcass and animal offal (including loss) for each species is as follows:

Species.	Carcass.	Offal.[1]
Cattle and calves	55	45
Hogs	75	25
Sheep and goats	50	50

[1] Including loss.

Materials for animal by-products also are drawn from all departments where meats, meat food products, and inedible products are handled or prepared. These are chiefly in the form of meat juices, greases, scraps of fat and bones, spoilage, condemnations, meat extracts, tankage, and other forms of waste resulting in the course of manufacturing and preparing specified products, both edible and inedible.

Briefly, the raw materials from which animal by-products are derived are obtained as follows:

1. In the course of dressing.
2. In the division of carcasses into commercial cuts, with the necessary handling.
3. In manufacturing and processing meats and meat food products.
4. In manufacturing and processing inedible products.
5. In preparing medicinal products from animal glands, organs, and tissues.

Advancing costs of raw materials, labor, and incidentals, as well as the opportunity for greater profits, have resulted in greater and more efficient utilization of animal offal, especially by the more prominent concerns. Not all of the large packers have the same efficiency[2] in this phase of the industry, while the smaller ones are handicapped, in that they are unable to install the equipment or control the volume necessary to make the highest utilization of some

[1] The term "by-products" is here used in its general sense without reference to a definition for accounting purposes.

[2] For the meaning of the term "efficiency" as used in this exhibit, see footnote 3 on p. 369.—*Federal Trade Commission.*

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of the by-products profitable. While nearly all the packers, especially the larger ones, utilize all of the offal practically in the same manner and in the preparation of similar products but with certain personal equations, it can not be said that they always use a certain raw material in the preparation of any given article. They shift their raw material from one purpose to another, being guided by market conditions, labor conditions, local plant conditions or facilities, etc.

Many of the smaller packers, who are less favorably situated in the matter of offal utilization, perform about the same functions as the larger ones, especially with regard to the more common by-products, such as fertilizers, greases, bones, lards, and sausage, but the small volume of their slaughter and their meager equipment prevent them from attaining the same degree of efficiency. For the same reason many of the very small ones not only do not develop the industry in any form, but as compared with the results obtained by the better-equipped concerns suffer losses in many ways, such as the production of inferior products, the actual waste of large quantities of offal, or by giving offal away. Greater results in this industry would obtain if the small packers and some of the larger ones could dispose of such products as they are not able to utilize to the greatest advantage to establishments that can so utilize them. Such industries should be located as far as practicable in the large packing centers. There are now no recognized market values on a very large percentage of the raw by-products. The development of the industry along the lines suggested would serve to establish market prices for many of these raw materials and encourage greater economies.

Section 2.—Classification of by-products.

For the purpose of classification articles manufactured from animal by-products may be divided into three general groups: Edible, inedible, and medicinal.

Each of these groups may be subdivided indefinitely into minor groups to provide for a proper classification of the several thousand raw and manufactured articles of animal origin which are classed as animal by-products. Among the edible products are lards, lard oils, lard stearin, oleomargarine, oleo oil, oleo stearin, sausage, canned meats, vinegar pickled products, meat extracts, etc. Among the inedible products are hides, pelts, skins, curled hair, fertilizers, stock foods, greases, inedible tallows, lard oils, glues, casings, strings for musical instruments, albumin, soaps, glycerine, etc. Among the medicinal products are pepsin, renin, pancreatin, suprarenalin, refined glycerine, beef iron and wine, hog serum and many others of specific properties which are derived from the animal glands, organs, or tissues.

The various animal offal products are named in subsequent discussions; their anatomical locations together with the kinds of animals from which they are derived are indicated; the methods of handling and preparing them, together with the names of the departments and agencies which handle and prepare them, are stated, and the products or forms in which they are placed on the market or leave the packers' possession are stated in general terms.

The principal agencies of an establishment which are employed in handling and preparing animal offal into by-products are the killing, rough offal, offal packing, tank or rendering, oleo, oleomargarine, lard refinery, sausage, canning, fertilizer, grease and industrial oils, bone, casing, vinegar pickle, gut strings, pharmaceutical, hide, glue, extract, novelty, and refrigeration departments. The work is highly specialized in each of these departments and requires considerable skill and training on the part of the employees and foremen. In the larger packing plants the work is so specialized in the by-product departments, as it also is in all other departments, that many employees, regarding their vocation as a trade, spend their lives in one department and know very little of the work in others.

Section 3.—Rough offal.

All products which are removed from the slaughtered animal in the course of dressing are classed as rough offal. The term is used to distinguish the products as they are removed from the carcass from their component anatomical parts into which they are separated subsequently. This separation is performed largely in the rough offal department, which generally is on the next floor below the killing department, the products being conveyed from the killing floor by gravity through conveniently located chutes to the tables and benches where workmen are stationed, or into trucks to be transferred to other parts of the plant. The workmen dexterously isolate the individual component parts and assemble them into groups according to kind and grade or purpose for which they are to be used.

The rough offal department, because of the nature of the work which must be performed there, is the most uninviting of all the departments where edible products are handled. In order to maintain a high standard of cleanliness, government inspectors keep these departments under close supervision.

In referring to the various groups of rough offal and to their component parts, the nomenclature common to the parlance of the industry will be used as far as practicable. Each component part having a specific purpose in the offal utilization scheme also is named and described and its uses shown. As far as practicable, the names of the departments involved and the character of the finished products are given.

Beef rough offal.—There are different methods of dressing beef carcasses, and these are determined largely by the facilities of the individual plant. However, the rough offal products are removed from the carcasses with but few exceptions in the general order in which they are named in the following:

The blood escapes to the floor near convenient floor drains, or is caught in receptacles according to the purpose for which it is used.

The head is carefully skinned and severed from the body. The identity is preserved until carcass inspection is completed.

The feet, after being freed of the dewclaws and skinned, are removed from the carcass.

The beef sweetbread is removed from the neck cavity, either at the beginning of the work of skinning or later as a part of the carcass trimming. Many small slaughterers leave it on the carcass.

Udders generally are removed as one of the first acts of skinning. Those from heifers usually are left on the carcass. Sometimes they are removed and utilized in sausage, oleo, or edible tallow.

Caul is the heavy blanket of fat which envelops the paunch and intestines.

The genital and urinary organs, including unborn calves, generally are removed as one of the first acts of evisceration.

The liver is the first of the internal edible organs to be removed in the act of evisceration.

The intestines with the attached fats and organs usually are ligated at both ends for sanitary reasons before being removed. Often these precautions are not taken, causing considerable waste of products. In some plants the intestines and stomachs are removed together and subsequently detached from each other.

The stomachs include the paunch, peck, and rennet, and are the next in order to be removed from the carcass.

The melt or spleen is removed with the stomach and is detached from same in the rough offal department.

The pluck, which includes the heart, lungs, windpipe, weasand, and sometimes part of the hanging tender, is the next to be removed. This completes the act of evisceration.

The hide and tail switch are removed together.

The tails are removed as one of the acts of trimming the carcass.

Bed trimmings are fats and tissue, including excess fats, bruised and soiled parts, etc., which are removed as carcass trimmings. They are edible or inedible according to their nature and condition.

Glands are removed at different stages of dressing and offal separation, and handled in a manner suitable to the purpose for which they are to be used.

Spinal cords generally are removed from the carcass and are used in manufacturing oleo or edible tallow.

Dressing wastes are small particles of fats and tissue as well as larger pieces which are removed from the carcass while it is being trimmed and washed. They escape to the floor and drain, and are known as floor scrappings or clean-up scrap and catch-basin skimmings.

Calf rough offal.—The anatomy of the calf is similar to that of cattle, therefore the main groups of calf offal are similar to those mentioned under beef rough offal. With the exception of the calf sweetbread, the calf rennet, and the calf liver, their yields are not so great nor so valuable.

Hog rough offal.—The principal items of hog rough offal follow in the order of their removal:

The blood escapes upon the floor of the sticking pens and is conducted away by drains.

The hair is removed by powerful dehairing machines or scrapers, and then assembled and prepared for the hair department.

The genital and urinary organs are removed as the first act of evisceration.

The viscera include the intestines, paunch, and caul or veil fats.

The pluck includes the heart, lungs, liver, weasand, windpipe, and giblet meat.

The heads are removed from packer hogs or those which are used for cutting purposes, but are left on shipper hogs and roasting pigs. As the number of shippers and roasters is relatively small, the hog heads are a large item in the hog offal.

Leaf fats are the broad folds of fat which are obtained from the interior walls of the back and sides of hogs in the region of the kidneys. They also include the scrap leaf fats or those portions of the leaf fat which remain after the leaf is "pulled" and are removed by means of scrapers.

Bed trimmings include both edible and inedible fats and tissues which, according to custom, trade, or inspection requirements, are removed from hog carcasses in the course of dressing.

Dressing wastes include particles of fat and tissue which escape to the floor and through floor drains as a result of trimming and washing the carcasses. They materialize in the form of clean-up scraps and catch-basin skimming.

Sheep, lamb, and goat rough offal.—The principal groups of rough offal which are obtained from sheep and goats are given below in the order in which they are removed from the carcass:

The blood is handled as hog blood.

Feet are removed and sent to the tank or glue department.

Felts and skins are removed before evisceration except in the so-called hothouse lamb. They may be in fleece or shorn.

The genital and urinary organs are removed as the first act of evisceration.

The caul fats are removed immediately after opening the body cavity and are utilized chiefly in dressing lamb and mutton carcasses according to the trade demands in the cities or sections to which they are to be shipped.

Intestines are removed separately or with the stomach according to the practice of the individual butcher.

The stomachs of the sheep and goats resemble those of cattle and calves. These animals also have the paunch, peck, and rennet as is characteristic of all ruminants.

The plucks are not removed in every instance, especially from lambs, because of the trade requirements of certain sections or cities to which they are to be shipped. Generally the carcass with the "pluck in" sells at 1 cent under the market price of the carcass of similar class and grade with the "pluck out."

The head is the last organ to be removed.

Bed trimmings include the edible and inedible fats and tissue which are removed from the carcass in the course of dressing.

Dressing wastes include the particles of fats and tissue which escape in the course of dressing. They are found in clean-up scraps and catch-basin skimmings from the killing and offal floors.

Glands.—A number of sheep glands are saved for pharmaceutical purposes.

Section 4.—The separation and distribution of cattle offal.

All rough offal is removed from the killing floors with the utmost dispatch compatible with sanitary requirements and inspection regulations in order to prevent congestion and the resulting spoilage and contamination. With the exception of hides, pelts, skins, hair, blood, and sometimes feet, all rough offal is handled by the rough offal departments. The raw materials, segregated according to kind, grade, and purpose, are conveyed from these departments to the departments which are equipped to handle them to the best advantage. Most of the edible offal is sent to the offal packing and chilling rooms where the products are chilled, prepared, and delivered to the departments, which dispose of them to the trade or convert them into meat food products. Edible beef fats are sent to the oleo or to the rendering departments. Inedible offal from the rough offal department is delivered to the tank or rendering department.

Blood.—Because of its high ammonia content, animal blood is highly prized and carefully conserved by nearly all packers for fertilizer and stock food purposes. The approximate yield per head of green blood from each species with its equivalent on a dry basis, the form in which it is used, is given on the next page.

Species.	Green.	Dry.
	Pounds.	*Pounds.*
Cattle	40	6.5
Hogs	6.1	1.1
Sheep	3.9	.8

The blood, except a small quantity which is used in the manufacture of sausage and, in some plants, in albumen and defibrinated blood, is conveyed from the killing department through drains to a tank from which it is pumped to the fertilizer department for cooking and dehydration. A small quantity of dried blood is used in the preparation of stock food. Most of it is mixed with other fertilizer material and placed upon the market. Many packers, especially the smaller ones, who are not equipped for mixing commercial fertilizers, dispose of their dried product to fertilizer concerns. The market value of dried blood depends upon its ammonia analysis, which is about 16.50 or 17 per cent when the product is dehydrated to about 8 per cent moisture. A mass of dried blood analyzing 17 per cent of ammonia, has 17 units of ammonia. A unit of ammonia is 1 per cent of a ton. Market quotations are made by the unit. Recent quotations price high-grade dried blood at $7 a unit, or $119 a ton for product analyzing 17 per cent ammonia.

A relatively small per cent of cattle blood is caught in buckets in some of the packing plants and treated for its yield of albumen and defibrinated blood which are used in fixing colors in cotton fabrics and in the preparation of certain kinds of leather. A very small amount of cattle blood, from healthy animals, is caught in sanitary containers and used by sausage makers in the manufacture of blood puddings.

Products from cattle and calf heads.—Cattle and calf heads furnish many edible and inedible raw products which are utilized in various ways. A list of the most important materials follows:

Edible:
- Tongues.
- Tongue trimmings, fat.
- Tongue trimmings, lean.
- Gullets.
- Cheek meat No. 1.
- Cheek meat No. 2.
- Palate meat.
- Head meat.
- Head fats.
- Ox lips.
- Brains.
- Skulls.

Inedible:
- Horns.
- Horn piths.
- Skulls and nasals.
- Jaw bones.
- Nasal bones.
- Soiled fats.
- Hide scraps.

Medicinal:
- Pituitary.
- Pineal gland.
- Parathyroid gland.
- Paratoid.

A limited number of calf heads and feet are cleaned and placed on the market or in freezers awaiting trade demands. Most of them are dismembered and the products utilized in the same manner as those of cattle heads.

The beef tongue is the first and most valuable product removed from the head. About 99 per cent of cattle tongues are saved for food.

The tongue including the gullet is transferred to the offal chill rooms, where it is trimmed and graded according to weight and condition. The tongue and gullet weigh approximately 8 to 12 pounds. Trimmed tongues have the following approximate weights: Long cuts, 3½ to 6 pounds; short cuts, 3½ to 5 pounds; canner tongues, 2½ to 3½ pounds.

A small percentage of tongues are mutilated. These become ingredients of sausage and canned meat products. About 10 per cent of the tongues are sold fresh or packed, placed in freezers, and subsequently exported or placed on a favorable home market. About 75 per cent of the tongues are transferred to the curing department. They afterwards are transferred to the smoked meats or dried beef department, where they are smoked and prepared for shipment. Some are transferred to the sausage department, where a smoked cooked tongue is prepared. Some are transferred to the canning department, where they are cooked and packed as canned ox tongues. Many tongues are delivered to the trade from the curing department.

The gullet, which weighs from 2 to 3 pounds, yields lean tongue trimmings, which are utilized in sausage; fat tongue trimmings, which are utilized in tallow and low-grade oleo stocks; and the cartilaginous portion, which is generally tanked for its yield in tankage and tallow.

Beef cheeks are the heavy muscles of the jaw and head. Their average weight is about 3.86 pounds per head. They also yield a small amount of tallow trimmings which are utilized in the oleo, and the parotid glands or No. 2 cheeks which are removed sometimes and used for pharmaceutical purposes. The No. 2 cheeks, however, are used more often in sausage and canned meats.

Beef head meats are the small lean trimmings which are removed from the head and jawbones. They average about 0.64 pound per head. There is a small amount of head fat which is removed and utilized in the tallow and oleo departments.

The oxlip is the part of the mouth which is removed along with the cheek and then detached. The average yield is about 0.89 pound per head. The yield in this product is often affected by the manner in which the head is skinned and the cheek is trimmed. Often a large portion is left on the hide, also on the cheek meats.

The palate is the roof of the mouth. It averages about 0.25 pound per head. Full production is not saved by all plants. Palates usually are scalded and skinned by the offal department, and transferred to the sausage department.

A product known as tongue palate meat is saved by a few. It is part of the throat and yields about 2 ounces per head. It also is scalded, skinned and sent to the sausage department. Frequently the oxlips are treated in the same manner.

The cheeks, *head meats*, *oxlips*, *palates* and other lean trimmings are held in separate stocks and taken to the offal chill rooms. From there they are transferred to the sausage room or to the curing department. From the curing department they are ordered to the trade, usually to sausage factories, or are transferred to the sausage and canning departments to be utilized in the manufacture of sausage and canned meat products.

Beef brains are taken out after the lean and fat tissues are removed from the head and jawbones. The average yield is 0.85 pound per head. The brains are transferred to the offal coolers where they are chilled and packed according to trade requirements. A small quantity is placed on the market in the fresh chilled state, but large quantities are sent to freezers and held indefinitely pending favorable market conditions.

From the brain and the skull cavity two minute glands are obtained which are utilized for pharmaceutical purposes by a few large packers, on orders by a few others, but are overlooked by most of them. They are the pineal gland from the brain and the pituitary gland or body from the base of the brain.

Horns.—The practices of dehorning beef cattle and of breeding shorthorn varieties have greatly reduced the horn yield as a by-product of the packing industry. This loss, however, is compensated many times in greater yield in beef and other edible by-products.

The horns are sawed off close to the skull and transferred to the horn and bone department. They yield the horn covering and the horn pith. The best horns are carefully selected and transferred or sold to the novelty department or factory, where they are converted into ornaments, combs and other useful articles, and novelties.

The inferior horns are transferred to the fertilizer department where they are ground into a product known as hoof meal.

The horn piths are transferred to the glue department where they are converted into gelatine and low grade glue. The bone residue is utilized in the fertilizer department, where it and other cooked bones are converted into fertilizer, and other ground bone products.

Skulls.—The skulls including nasal bones average 13.92 pounds per head.

The jawbones average 3.52 pounds per head. The skulls and jawbones are transferred to the glue house where their yield in tallow and glue stock is obtained. They are then transferred to the bone or fertilizer department.

The average dry bone yields from the head are as follows: Skulls, 4½ pounds; jaws, 2¼ pounds.

Cattle and calves' feet.—The feet, as referred to in the cattle and calf-killing departments, include the shin bones, hoofs, and sinews.

The sinews are the broad bands of tendons which accompany the feet. They are detached at the time the feet are removed, and are transferred to the hide department where they are held in salt and later delivered to glue factories. The average weight of sinews per head is 2.1 pounds.

After the sinews are removed the feet usually are transferred to the bone department where they are separated into knuckles, shin bones, feet, and hoofs.

The average weight of the feet per head after the sinews are removed is about 14.1 pounds. The average weight of hoofs is about 1.71 pounds, while that of the shin bones is about 1.97 pounds per head. The knuckles and shin bones are cooked for their yield in neat's-foot oil, which is used principally in the leather industry.

The shin bones are dried carefully and sold or transferred to novelty departments or factories where they are converted into knife handles, ornaments, and other useful articles, and novelties. The knuckles including the foot bones are transferred to the glue department where they are processed for their yield in glue stock. They are sent afterward to the fertilizer department where they are used in the preparation of commercial fertilizer. Some of the bones are ground and used in casehardening certain steel products. Pulverized burned bone also is used in refining sugar.

The hoofs are disposed of practically in the same manner as horns.

The dewclaws are removed at the time the feet are skinned, and tanked, or are transferred to the glue department where they are converted into glue.

Calves' feet, together with the calf heads and jawbones not otherwise used, are utilized in the manufacture of glue.

Beef and calf sweetbreads.—The beef sweetbread is not so heavy nor so valuable as the calf sweetbread, the latter weighing an average 0.5 to 1 pound per head, while the former generally averages less than 0.5 pound per head. Many adult cattle have only rudimentary glands. In such cases no effort is made to save them. Many small slaughterers do not remove them from the carcass. A few sweetbreads are sold fresh. Most of them are packed by the offal department and stored in freezers indefinitely.

Beef and calf livers.—The beef and calf livers are transferred to the offal chill rooms from which they are ordered to the trade in the fresh chilled state, or packed and sent to the freezers pending a market demand. Export livers generally are frozen separately before

being packed. A small proportion of fresh livers is used in the manufacture of sausage.

Intestines.—The intestines of cattle and calves yield ruffle and gut fats, pancreas glands, casings, and inedible tankage material.

Ruffle fat.—This is the heavy bundle of fat and connective tissue which serves to hold the intestinal tract in its natural position. The yield per head depends upon the class and finish of the animal. The ruffle and other intestinal fats are transferred to the oleo or tallow rendering department.

The pancreas.—This organ is taken to the offal chill room and transferred to the pharmaceutical department or sold for pharmaceutical purposes. Where there is no demand of this kind for them they are tanked for their yield in tallow and tankage.

Casings.—The intestinal tract is used in making casings. There are three kinds—rounds, middles, and bungs. The beef round is obtained from the small intestines; the beef middle from the large intestines; and the beef bung from the cecum or blind gut. They are cleaned, salted and packed in tierces.

The unit of a beef round is a set of 100 feet. There are 140, 150, and 225 sets, according to the size, packed to a tierce. Often beef animals, especially cows, will yield more than a set.

The unit of beef middles is a set of from 57 to 60 feet. It requires the middles from not less than three animals to make a set of beef middles. They are packed 110 to 140 sets, according to size, to a tierce.

The beef bung is from 3 to 6 feet long. The bungs usually are tied in bundles of 10 pieces and packed 400 to 500 pieces to a tierce. Often the bung gut skin or peritoneal covering is removed, cured, and sold separately. It is used, ostensibly, as a base for the manufacture of goldleaf, as coverings for bottle stoppers, etc. From 4,000 to 5,000 pieces, according to size, are packed in tierces in bundles of 25 pieces each.

Calf intestines generally are too small and weak to be of any value as containers, hence most of them are sent to the rendering department.

The casing department works in close cooperation with the rough-offal department, and is responsible for the separation of the edible fats from the intestinal tract and, to a large extent, for the sanitary condition of the fats.

The cattle and calf fat and tissue wastes from the casing department includes soiled fats, ends of intestines, and diseased or nodular intestines; also the genital and uninary organs which are not removed on the killing floors. They are transferred to the inedible rendering department. Skinned slunks and cow udders also are

taken to the same department, combined with other inedible beef, calf, and mutton materials, and converted into inedible tallow and tankage. The tankage is appropriately treated and used in the preparation of stock food or fertilizer materials.

Beef and calf bladders.—All beef bladders and the largest and strongest calf bladders are saved, cleaned, dried, graded, and packed for food and putty containers. There are three grades of beef bladders—large, medium, and small—which are packed as follows: Large, 50 dozen to a barrel; medium, 100 dozen to a barrel; and small, 125 dozen to a barrel. Calf bladders are packed 50 pieces to a bundle, and from 3,000 to 5,000 pieces to a barrel. The smaller bladders are used chiefly as sausage, lard, and butter containers, while the large ones are used as containers for putty, etc.

The stomachs.—As in all ruminants, the stomachs of cattle are in four parts—the rumen, reticulum, omasum, and abdomasum, or, as they are called in offal departments, the paunch, which includes the reticulum or honeycomb, and the rumen, the peck, and the rennet or reed.

The paunch yields the plain and honeycomb tripe. The green tripe is transferred to the tripe department after cleansing, where it is scalded, scraped, cooked, and trimmed, yielding the products named above. The average cooked-tripe yield from cattle is about 8 pounds per head. Calf tripe generally is not saved for edible purposes.

Much of the cooked tripe is packed in pickle in packages varying from a kit to a barrel or tierce, according to the trade demands. Large quantities are utilized in the sausage and canning departments in the preparation of meat-food products. Small quantities of green and cooked tripe are sold through the wholesale markets and car-route trade. A considerable amount is packed in boxes and stored in freezers pending a demand.

Rejected tripe, tripe trimmings, scrapings, and skimmings are sent to the rendering department for their yields in tallow and tankage.

Cattle and calf melts or spleens, which are removed from the exterior walls of the paunches, are utilized largely as an edible product. Cattle spleens weigh about 2 pounds per head. They are sent to the offal chill room, from which they are taken to the sausage or canning department, wholesale market, or are packed and placed in freezers for future sale. Few packers save full production for food, and many send the entire product to the tanks.

Large quantities of high-grade fats are removed from the paunch, peck, and reed. These are transferred to the oleo or tallow department.

After the fats are removed, the peck, or the third stomach, is opened, washed, and sent to the inedible tanks.

The cattle rennets or fourth stomachs generally are treated as inedible. However, there is a general movement to convert them into edible products. Some are cleaning, scalding, and utilizing them in sausage and canned-meat products. Others, after cleansing, convert them into edible tallow or low-grade oleo stock. Calf rennets are saved by the large slaughterers and utilized by drug manufacturers in preparing rennin, which is used largely by cheese makers.

Cattle and calf plucks include the heart, lungs, pluck fats, windpipe, weasands, and giblet meat.

The heart yields the trimmed heart, heart trimmings, heart fats and aortas. Trimmed beef hearts average about 3 pounds per head. Heart trimmings average a little less than one-half pound per head. All heart and heart trimmings go to the chill room. From there they are sent to the freezers, to the sausage department, or to the curing department. From the curing department they are transferred to the sausage or canning department, where they become ingredients in numerous food products.

The aortas and windpipes are sent to the rendering department for their yield in tallow and tankage.

The weasand or esophagus yields the weasand meat, about one-half pound per head, and the weasand casing. The weasand meat is the muscular portion of the esophagus. It is transferred through the offal chill room to the sausage department, or to the curing department, and then to the sausage department when cured. The weasand casings are cleaned, dried, and packed 25 in a bunch, 20 bunches to a bundle, and 10 bundles to a box. The regular weasands are used as sausage containers. The narrow weasands are used as snuff containers. Some are used by brewers. Calf weasands are not saved for commercial purposes.

Lungs are used for both edible and inedible purposes. The edible products are used in the preparation of the cheaper sausage and canned meat products. The inedible products are handled by the rendering department which converts them into stock food and fertilizer materials. A few edible lungs are sold in the fresh state to sausage manufacturers. Some calf plucks, comprising the trachea, heart, lungs, and liver, are placed on the market.

Oxtails.—The tails are graded and packed in the offal chill room according to the trade demands. They are placed on the market in the fresh chilled condition, or sent to the freezers where they are held indefinitely. Some are used in the manufacture of soup stock. They are exported in large quantities.

Bed trimmings.—Edible fat bed trimmings are utilized in the oleo and tallow departments. The inedible fat bed trimmings are taken to the rendering department for their yield in tallow and tankage.

They are derived chiefly from the bruised and soiled surfaces of the carcass. The edible lean trimmings are handled as described under head meats. The inedible lean trimmings are tanked.

Catch basin skimmings and clean-up scraps.—When slaughtering and dressing cattle and calves and working up their offal large quantities of fats and tissues escape in small particles. These are recovered in the catch basins and are taken to the rendering department for their yield in low-grade edible tallow and tankage. Large quantities of wastes materialize in the clean-up of the killing and offal departments. They also yield a low grade of tallow.

Spinal cords.—The cords are removed from the spinal column and used in the oleo and tallow departments.

The suprarenal gland.—These glands are removed from the carcass near the region of the kidney. They are transferred or sold to pharmaceutical establishments to be converted into pharmaceutical products.

Hides and skins.—Cattle hides and calf and slunk skins are transferred to the hide department where they are graded, salted, and held until ready for delivery to the tannery. Some of the packers operate tanneries and manufacture leather.

Ear hair.—The fine hairs are taken from the vestibule of the ear and used in the manufacture of art brushes.

Fleshings and hide trimmings.—Some meat and fat scraps are removed from the hides in the hide cellar and are sent to the rendering department. Hide trimmings and spoiled hides are utilized in the glue department in the manufacture of hide glues.

Condemnations.—All condemned products are converted into denatured and inedible tallow and tankage.

Section 5.—Hog offal and by-products.

Hair and bristles.—The hair and bristles of the hog are delivered to the hair department where they are dried and packed. They are then sold or delivered to hair works. Prepared hair products or curled hair are used for upholstering purposes, mattress making, car insulation, etc. A small quantity of hog hair which does not go through this channel is taken to the tanks and converted into fertilizer materials. Bristles are used in the manufacture of brushes, carpet sweepers, etc.

Bladders.—The bladders are sent to the hog casing department where they yield the dried-hog bladder and the bladder fats. The fats are inedible and are transferred to the rendering department where they are converted into white grease. The dried bladders are used as containers for various products, principally lard and butter. Very little lard or butter is packed in this manner by the

American packers, except on orders from foreign purchasers. Dried hog bladders are packed in barrels containing 2,000 to 10,000 each.

Fats.—The hog fats which are to be converted into lard are in two classes; the killing fats and the cutting fats. As a rule they are rendered in tanks under live-steam pressure, the rendered product being known as prime steam lard.

Killing lard.—This is derived from the fresh fats which are removed from the hog or its viscera at the time of slaughter.

Cutting lard.—This is derived from the chilled fats which are removed from the hog carcasses in the cutting room.

The leaf fats are the broad folds of fat obtained from the backs and sides of the hog in the region of the kidneys. The average yield of raw-leaf fat is 5½ pounds per head. The leaf fats are transferred to special chill rooms where they are chilled in cone shape for trade. Those fats which are to be rendered usually are spread for chilling, after which they are transferred to the lard department where they are rendered into neutral or kettle-rendered lards. Scrap leaf fats are the particles of fats which remain attached to the carcass after the leaf fat is pulled. They are scraped off and sent to the chill room as in the case of leaf fats, or are sent to the rendering department with other killing fats to be converted into prime steam lard.

Hog viscera.—The viscera yields the stomach, the caul or veil fats, and the intestines, which yields the hog casing, intestinal fats, and the hog sweetbreads or pancreas.

The caul or veil fat is attached to the stomach and envelops the intestines. It, with the ruffle and other gut fats, is transferred to the rendering department and is converted into prime steam lard. The ruffle fat is the heavy bundle of fat and connective tissue which hold the viscera in position.

All intestinal and stomach fats which are clean are utilized in the preparation of prime steam lard. The unclean fats, tissue, and portions of the intestines are converted into white greases.

Casings.—The casings which are derived from the intestinal tract of the hog are the "bungs," the "hog's casing," and the "hog middle."

The hog bungs are made from the anal end of the intestinal tract. They are from 18 to 48 inches in length and of various widths, from 1¼ to 1⅞ inches, 18 inches from the crown. Their length and width determine their grade. They are cured in salt and packed 400 to 500 to a tierce, according to size. They are used chiefly as containers of liver sausage and dry or summer sausages.

The hog casings are made from the small intestines. They are used as fresh and smoked sausage containers, and are packed in various sized packages, according to the demands of the trade.

The hog middles are prepared from that part of the intestines which is called black, blue, or curly guts. They are used chiefly as containers for certain styles of summer sausages. They are cured and packed in sets of 8 or 12 feet each, 150 to 160 sets to a tierce.

When the hog middles are prepared for edible purposes they are called chitterlings. As chitterlings they are sold in the fresh or frozen state or cooked and packed in pickle. Their market is chiefly among the colored people of the South.

Hog stomachs are used as sausage containers and for food. The linings of those which are used for food are saved and sent to the pharmaceutical establishments, where pepsin products are prepared from them. As an edible product the stomach is rendered for its lard yield or prepared and used as an ingredient of sausage and canned meat products.

Glands.—The pancreas glands, also called the hog sweetbreads, are saved in small quantities. They are used in food products by many. Pharmaceutical establishments also convert them into pharmaceutical products. The thyroid glands of hogs also are used by pharmaceutical establishments. The hog melts are saved and used in the manufacture of certain meat food products or sold in the fresh chilled or frozen state. When tanked they yield 6.39 per cent tankage with an ammonia analysis of about 12.89 per cent.

Plucks.—The hog pluck includes the heart, liver, lungs, weasand, and windpipe. The heart is handled in about the same manner and for the same purposes as described under beef hearts. The livers average about 2½ pounds per head. They are marketed largely in the fresh chilled state. A few are utilized in the manufacture of liver sausages and loafs. When tanked they yield about 38 per cent tankage with an ammonia analysis of about 11 per cent. The lungs are inedible and are sent to the rendering department, where they are prepared as an ingredient of stock foods and fertilizer materials. They yield about 15 per cent tankage with an ammonia analysis of about 12.42 per cent. Weasands and giblet meats are utilized in the manufacture of sausage. The windpipe, if clean, and the pluck fats are rendered for their yield in prime steam lard and tankage.

Heads.—The heads yield the tongues, cheeks, head and jaw meats, neck fats, brains, lips, snouts, head skins, ears, skulls, and jawbones.

The tongues are cleaned and transferred to the curing department. When cured they are transferred to the vinegar pickling department, sausage department or canning department, where they are used in preparing various tongue products. The cheeks, head, and jaw meats are sent to the sausage department or to the curing department. They are used in the manufacture of sausage and canned meat prod-

ucts. The neck skins, head skins, and fats are rendered and sent to the offal chill rooms. Some are packed and sold in the fresh state; some are placed in freezers, and some are utilized in the sausage and cooked meat departments. The brains are packed by the offal department in packages to suit the demands of the trade. Some are sold in the fresh chilled state. Large quantities are placed in freezers indefinitely.

The head bones and some ears, snouts, and lips are sent to the glue department to be converted into glue. The bone residue is used in the preparation of fertilizer materials. Packers who do not operate glue works tank these products for grease and fertilizer yields. A few hog heads are cleaned and placed on the market.

Kidneys.—The kidneys are removed on the killing floor and put up by the offal department in packages to suit the requirements of the trade. Some are sold in the fresh chilled state. Large quantities are frozen. Some are utilized in meat-food products such as kidney stews. There is a good eastern and export demand for this product.

Feet.—The feet are removed in the cutting department. Selected feet are cleaned and marketed fresh, or cured and disposed of in that condition, or cooked and packed in pickle in packages to suit the demands of the trade. The rough and surplus feet are sent to the glue department, for their yields in glue and bone. Pig toes or nails are tanked or are otherwise utilized in the manufacture of fertilizer.

Dressing wastes.—Wastes in dressing include scraps of meat and fat which fall or are washed from the carcasses, also the bruised and diseased portions which are trimmed from them on the killing floor. The clean-up scrap and catch-basin skimmings are in this class.

Condemnations.—About one-half of 1 per cent of the hogs and hog products are condemned on the killing floor on account of disease and are utilized in the by-products of the rendering and fertilizer departments.

Pigskins.—Large quantities of pigskins which are removed from fresh hams, fat backs, and occasionally from hog carcasses are freed of fat, graded, packed, stored, and eventually delivered to tanneries to be converted into leather products.

Section 6.—Sheep and goat offal and by-products.

With the exception of the pelts, skins, and wool, the by-products of sheep and goats are practically the same as those of cattle and calves, and are distributed in about the same manner.

Pelts and skins are delivered to the hide department, where they are salted and held until ordered to wool pulleries and tanneries. Some of the packers operate wool pulleries in connection with their

slaughtering plants. From the wool pulleries the hides are sent to the tanneries. Lanolin is a by-product of the wool grease and is used as a base of many salves and ointments.

Fat.—The caul fats are used chiefly in dressing the carcass according to the requirements of the market. It then brings carcass price. That which is not used in this manner is sent to the oleo or tallow department along with the edible visceral fats, where it is converted into oleo stock or edible tallow. The inedible trimmings and fats are tanked for their yields in inedible tallow and tankage.

The intestines.—Casing, intestinal fats, and gut strings are obtained from the intestines.

The sheep casings are put up in bundles and packed in quantities to suit the demands of the trade. The intestines, especially those which are unfit for the casings, are utilized in the "string department," where they are prepared into strings for musical instruments, ligatures for surgeons and materials for tennis rackets, drums, and various kinds of novelties.

The stomach, the rumen, and reticulum are converted into sheep tripe and utilized in the manufacture of sausage, canned meats, and pickled goods by many.

The melts are saved in small quantities and utilized in the manufacture of sausage and other meat food products of low grade.

Heads.—The heads are cleaned and disposed of fresh to certain classes of trade, or are dismembered and disposed of as follows:

The cheeks, head meats, and lips are utilized in the manufacture of sausage. The brains are packed according to the demands of the trade. Some are sold in the fresh chilled state. Surplus stock is placed in the freezers until the market is favorable.

The head bones are sent to the glue department, with the jawbones and feet, for their yields in glue stock, tallow, and raw bones, or to the tanks for rendering.

The tongues are classed in two grades according to the trim, and are known as the long-cut tongue and the short-cut tongue. They are transferred to the curing department. After being cured they are transferred to the cooked meats department to be prepared and packed as cooked pickle tongues, or they are sent to the sausage or canning department to be prepared in tongue loaf, canned tongue products, etc. Some are sold fresh and some are packed and stored in freezers, but the quantity handled in this manner is small.

Plucks.—The pluck includes the heart, liver, lungs, windpipe, and giblet meat. A large number of carcasses are dressed with the pluck in. Carcasses with the "pluck in" often sell for 1 cent under the market price for "pluck out" carcasses of the same class and grade.

There is a fair market for the sheep plucks, and many are sold in the fresh-chilled state, but the most of them are dismembered and disposed of as follows: The lungs are tanked along with the windpipe. The heart and liver are utilized in the manufacture of sausage. The giblet meat, which is part of the diaphragm, also is utilized in sausage and canned-meat products.

Skimmings and scraps.—As in other killing departments, there are clean-up scraps and catch-basin skimmings which are rendered under steam pressure for their yield in tallow, which generally is of low grade.

The bladders and genital organs are sent to the tank along with the clean-up scrap, pecks, gut ends, etc.

Glands.—The pancreas, thyroids, suprarenals, pineal, and mammary glands are removed from sheep and goats and utilized in pharmaceutical products.

Carcass gains.—When dressing sheep, lambs, and goats it is the custom of slaughterers to use many wooden pins or skewers and back or spread sticks on a large number of carcasses in order to produce the desired effect in dressing. These add from 4 ounces to 1¼ pounds to each carcass so dressed. The pluck, which is an offal weighing from 2 to 4 pounds, is left in a large number of lambs.

The caul fat, which also is an offal, is spread generously over the legs and other parts of a few mutton and goat carcasses and of about 80 per cent of the lamb carcasses. This adds three-fourths to three pounds to each carcass so dressed. The wood adds nothing to the meat supply or value. The pluck generally becomes so stale by the time it reaches the retailer that it is inedible and has imparted a taint to that part of the carcass to which it is attached. The caul fats are not desired by the average consumer and are the cause of considerable loss of fats, oils, and meats between the slaughterer and the consumer. Some of the brittle fats become detached and are lost. Much of that not lost in this manner is sold to renderers for inedible purposes. The caul often prevents the radiation of moisture which is necessary to keep the flesh sound and wholesome when weather and refrigeration conditions are unfavorable, with the result that at times the market is flooded with stale lambs which, if not sold at a sacrifice, are sent to rendering tanks.

Section 7.—The oleo department and products.

In order to utilize beef, calf, lamb, and mutton fats to the best advantage, all large cattle killing establishments have oleo departments where the edible beef fats are converted into oleo stock. This is done by melting the chilled and hashed fats in open kettles at a temperature between 140 and 190° F. The lower grade fats require the higher temperatures in order to produce the desired yield.

Fat yield per head.—According to figures taken from packing house tests on typical lots of cattle, the yields per head in killing fats suitable for oleo purposes are as follows:

	Pounds per head.	Per cent of live weight.
Good corn-fed steers	93.25	0.0656
Medium corn-fed steers	92.68	.0635
Choice (light) corn-fed steers	89.00	.0632
Medium (light) corn-fed steers	77.28	.0633
Medium corn-fed heifers	30.88	.0435
Medium corn-fed cows	57.02	.0527
Distillery bulls	68.32	.0398
Cutter cows	49.86	.0401

In addition to killing fats from the beef, sheep, and calf killing departments, there also are the cutting fats, especially from beef, commonly called suet and shop fats.

Oleo stock.—The melted product of beef, calf, and mutton fats is called "oleo stock." Melted beef fats yield from 40 to 80 per cent "oleo stock," according to the class and grade of cattle and the quality of the fats.

The yields of other fats in oleo stock are approximately as follows:

	Per cent.
Calf caul fats yield	52
Calf miscellaneous fats yield	30
Sheep caul fats yield	80
Sheep miscellaneous fats yield	55
Beef cutting suet (kidney suet)	80
Beef cutting fats, No. 1 trimmings	75
Neck fats	40
Beef-tongue fats	10

The above percentages were figured on the total weights of each class of fats named. The "sinkers" or nonfloating fats are not rendered as oleo, but are sent to prime tallow and not credited to the above yields.

Grades of stock and oils.—There are three standard grades of oleo stock. These grades are determined by the color, flavor, and taste of the product. The grades of the oil are determined by the same factors. The grades of oleo oils and oleo stocks are No. 1, No. 2, and No. 3. A fourth grade bearing a trade name assigned to it according to the fancy of the individual packer is found in many establishments. It is of very poor quality and ranks with edible tallow of low grade.

Separation of oils and stearin.—Oleo stocks are held in trucks called "seeders" for about 60 to 70 hours until they have cooled slowly to about 90° F., which causes the oil and stearin to separate to some extent. The stearin elements flock together in little seedlike grains; hence the terms "seeding" and "graining." After the cooling

or seeding period, the stock is broken and placed in powerful presses where the oil is separated from the stearin by straining same through closely woven ducking, the stearin remaining in the cloth.

Oleo stock yields in oleo oil and oleo stearin.—The yields of oleo stock in oil and stearin are influenced by the quality of the stock. The No. 1 stock always yields a higher percentage of oil than the other grades. The average maximum yields of No. 1 stock are about 65 per cent oil and 35 per cent stearin. A higher yield of oil could be obtained, but it would be adulterated with a greater amount of stearin than the requirements call for. The average yields are 58 per cent oil and 42 per cent stearin when the quality of the stock is poor. These yields can be mechanically affected by manipulating the presses so as to produce a greater yield of either oil or stearin, as desired. This course is influenced largely by conditions in the oil and stearin market.

Uses for oleo oil.—Oleo oil is used in combination with neutral lard, vegetable oils, and sometimes butter, in the manufacture of oleomargarine or substitutes for butter.[1] These ingredients are mixed and churned with milk prepared for the purpose of imparting a milk or butter flavor to the product. Large quantities of oleo oil are exported.

Oleomargarine.—The uncolored oleomargarine is sold on the market for about half the price asked for creamery butter. Ten cents more a pound is charged for the colored product of the same quality to cover the tax placed by the government on oleomargarine which is colored by the manufacturer to resemble butter. Oleomargarine manufacturers state that if the 10-cent tax were removed the volume of the oleomargarine business would increase tenfold in a short time, and would thereby create a much greater demand for oleo oils than has yet been known to the industry. The lardlike appearance of the uncolored product interferes very materially with the volume of oleomargarine sales. The substitution of vegetable oils for animal oils in the manufacture of oleomargarine is reducing the demand for animal oils materially, and in normal times would create a large surplus of that product.

Oleo stearin in lard substitutes.—Oleo stearins are used largely in the manufacture of substitutes for lard. They are compounded with cottonseed oil in about the following proportions—from 15 to 20 per cent oleo stearin and 80 to 85 per cent cottonseed oil. Here also the animal product is being displaced by vegetable stearins and hydrogenated vegetable oils.

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[1] Because of their relatively cheap costs, vegetable oils are, in a large measure, supplanting the animal oils in the oleomargarine industry. This is especially true with regard to cottonseed oil, coconut oil, and peanut oil.

Stearins also are used in the manufacture of candies and chewing gums and are used extensively as a filler for leather and in the manufacture of tallow candles.

Section 8.—The tank or rendering department and products.

All killing departments and all other departments where meats and meat food products or any animal materials are handled contribute wastes to the tank house or rendering department. No packing plant is equipped with the first essentials for utilizing by-products unless it has a tank house or rendering department where fats and wastes may be digested under steam pressure for their maximum yields in lards, tallows, greases, glue stocks, animal tankage, and concentrated tankage. The tank house is the receiver for all products which can not be utilized for more profitable purposes elsewhere.

The products of the tank house are both edible and inedible. The edible products are prime steam lard and edible tallow. The inedible products are greases, tallows, glue waters, concentrated tankage or "stick," and animal tankage. The edible products are rendered from the edible fats and tissues. The inedible products are derived from all animal materials which can not be used for human food.

Prime steam lard.—Prime steam lard is the product obtained from hog cutting and killing fats when cooked in tanks under about 40 pounds direct steam pressure from 5 to 10 hours. Of the fats entering into the prime steam product each hog contributes on an average of 6 pounds of "killing fat" and 13 pounds of "cutting fat." The "killing fats" yield approximately 55 per cent, while the "cutting fats" yield from 75 to 85 per cent prime steam lard.

Large quantities of prime steam lard are sold in tierce and tank carload lots to lard refiners. Some is exported in smaller packages to South and Central American trade. Most of it, however, is transferred to the lard department, where it is refined and packed in tins, pails, tubs, kegs, barrels, tierces, or boxes, according to the demands of the trade.

Edible tallow.—The edible fats from cattle, calves, and sheep are absorbed largely by the oleo department. Some edible tallow is produced in the bone department. The amount of edible product from pressure tanks usually depends upon the number or amount of carcasses or products of cattle, calves, and sheep which for any reason are "passed for tallow" by government inspectors on a given day or within a given period, usually a week. If the number is not large enough to prepare a separate tank, such products generally are consigned to the inedible tanks. This is influenced largely by the prices of prime or No. 1 inedible tallows and edible tallows. When the

margin is small between the edible and inedible tallow prices little effort is made to obtain an edible product.

Edible tallow usually is sold to lard makers, who use it in the manufacture of lard compounds and lard substitutes.

INEDIBLE GREASE.—Inedible greases are derived from inedible hog products and are in three grades—white, yellow, and brown greases. Their market values are determined by their color, titer, and acid reading, as well as the purposes for which they are to be used. The white grease is the most valuable. The brown grease is of the least value.

The inedible grease yield is about 1 pound per head. This will vary according to the number of dead and condemned hogs and parts which are tanked. When the entire hog is tanked and rendered under pressure it will yield about 50 per cent grease. This yield will vary according to the weight and finish of the animal.

Inedible grease is utilized principally in the manufacture of soap and glycerin. Some greases are pressed for their yields in lard oil and lard stearin. The lard oil is used as a lubricant and in the preparation of illuminating and other industrial oils. The stearins are used largely by soap makers.

INEDIBLE TALLOW.—The inedible tallows are obtained from the inedible wastes from the cattle, calves, sheep, lambs, and goats and from the condemned animals and parts. They are graded according to color, titer, and acid reading.

The inedible tallow yields per head will vary according to the relative efficiency of the killing and offal departments in handling the carcasses and offal. The figures which have been examined show an average yield of 5 pounds of inedible tallow per head of cattle. The yield per head of calves and sheep is very small. It is estimated that 5 calves or 10 sheep will yield as much as 1 mature steer.

Some tallows are pressed for their yields in tallow oil and tallow stearin. The oils are used for lubricating purposes and in the preparation of illuminating and other industrial oils. The stearin is used by candle makers and tanners. Soap factories absorb large quantities of inedible tallow.

GLUE WATERS.—Glue stock is derived from the tank waters as follows:

After the tank is filled and headed or sealed the live steam is turned in for a brief period, usually not less than an hour. The tank waters become charged with the glue properties in the meat, fat, and bones. These waters are drawn and transferred to the glue department, where they are evaporated for their yield in glue. This may be repeated during the same cooking, but it is not a general practice.

CONCENTRATED TANKAGE OR "STICK."—Concentrated tankage is similar in nature to the glue stock, except that it is obtained from the tank waters after the rendering process has been completed. The tank waters contain certain animal properties in solution, which are of a sticky nature, hence the term "stick." The "stick" water is transferred to the fertilizer department, where it is evaporated to the consistency of thick molasses. The value of "stick" or concentrated tankage depends upon the number of ammonia units it contains. When evaporated to a 10 per cent moisture basis the ammonia analysis is approximately 15.71 per cent.

ANIMAL TANKAGE.—Animal tankage is the residue after the oils, glue waters, and liquid "stick" have been removed. It is composed of cooked animal tissues and bones. Tankage is used in the preparation of stock foods and fertilizer materials. The value of animal tankage depends upon the number of units of ammonia it contains. On a 10 per cent moisture basis, green hog tankage analyzes about 7.45 per cent ammonia and green beef tankage about 8.7 per cent.

Blood, bone, and meat meals, as well as animal fertilizer materials, receive their preliminary preparation in the tank house, but are finished in the fertilizer department.

Section 9.—Lard refinery and products.

No hog-slaughtering establishment is complete without a lard refinery, where the rendered animal fats and vegetable oils are processed, refined, and compounded to meet the demands of the trade for cooking fats and shortenings. The services of the packing-house chemist are required in this more than any other meat-product department.

REFINED LARD.—Prime steam lard is pumped from the tank house to large storage tanks in the lard refinery, from which it is drawn, refined, and packed for shipment as desired.

The lard is refined in tanks which have been equipped with steam coils and mechanical or air agitating or stirring devices. When the product is heated to the desired temperature fuller's earth, the refining agent, is added in such quantities as the condition of the oils require. The combined mass is agitated until the earth has had time to act on the oils, after which the product is pumped through filter presses until the earth, together with the impurities, is eliminated. The product then is passed over chilled cylinders or rolls for cooling, after which it is violently stirred or "picked" by mechanical devices to produce the desired texture or fluffiness. It is then drawn into shipping containers.

LARD OIL AND LARD STEARIN.—A small quantity of prime steam lard is pressed occasionally by some packers for its yield in lard oil and lard stearin. The edible lard stearin is used frequently in stiffening

lard stocks for southern countries and in the manufacture of chewing gums and soft candies.

NEUTRAL LARD.—Neutral lard is made chiefly from leaf fats, which are melted at a low temperature, usually 120° to 130° F. It is used largely in the manufacture of oleomargarine. Large quantities are exported. Since the fats are melted at a low temperature, the settlings or scraps are rich in lard content. They are sent to the tanks and rendered with other edible hog fats into prime steam lard.

There are two grades of neutral lard—No. 1 neutral is made from leaf fats; No. 2 neutral is made chiefly from back fats. The approximate yields of leaf fats and back fats in neutral and prime steam lards are given below:

Kind.	Neutral.	Prime steam.
	Per cent.	*Per cent.*
Leaf fats	85	9
Back fats	70	19

The proportion of these yields will vary according to the relative efficiency of the employees and the yields desired.

KETTLE-RENDERED LARD.—Kettle-rendered lard is made from leaf and back fats rendered in open steam jacket kettles at about 240° F. It is the highest grade of lard made. The settlings or "cracklings" are tanked for their yield in prime steam lard.

LARD COMPOUNDS AND LARD SUBSTITUTES.—Lard compound is the product resulting from the mixture of rendered hog fats with other animal or vegetable oils. The volume is not considerable. Lard substitutes, which are prepared also in lard refineries, are refined, deodorized cottonseed oils, combined with beef stearins, about as follows—15 to 20 per cent oleo stearin and 80 to 85 per cent refined cottonseed oil. The amount of this kind of product manufactured is very large.

A vegetable shortening composed wholly of refined, deodorized, and hydrogenated vegetable fats is replacing, in a large way, the oleo stearin, and cottonseed oil combinations.

Section 10.—The sausage and canning departments and products.

The sausage department is one of the most profitable branches of the packing industry. Edible lean trimmings and many edible portions of the viscera, also casings, are utilized in this department. Modern methods of sausage manufacture permits the introduction of large quantities of water and cereals, which are regarded by many as adulterations. In nearly all cases the finished sausage products, although composed of inferior and almost unmarketable edible offal, sell at a wide margin over carcass prices.

What has been said concerning sausage is largely true with regard to some canned-meat products.

It is impracticable to give here the names of the many varieties of sausage and canned-meat products in which animal offal is utilized.

The beef extract.—The juices derived from beef prepared in the canning room from roast beef products and from other sources are evaporated for their yields in solids or beef extracts. This product is manufactured generally in connection with the canning department.

Section 11.—Vinegar pickle department and products.

Large quantities of animal offal are sent to the vinegar pickle department where they are prepared in various ways to suit the demands of the trade. Among the offal thus utilized are tripe, pigs' ears, pigs' snouts, pigs' feet, pigs' tongues, sheep tongues, chitterings, etc. These products generally are cooked and packed in vinegar pickle with spices, in kits, kegs, barrels, etc.

Section 12.—Beef cutting and boning.

Beef cutting and boning departments furnish large quantities of fats, bones, and trimmings, which contribute in a large way to the by-product industry.

The fats are utilized generally in the manufacture of oleo products or edible tallow. Some of the raw fats are sold to renderers. A few kidney knobs, which include the beef kidneys and the surrounding kidney suet, are sold.

The bones are sent to the bone department for processing. Beef trimmings are handled and utilized in about the same manner as beef cheeks.

Section 13.—The bone department and glue works.

The bone department and glue works are in close relation to each other. The bone department extracts the oils, conserves the glue waters and transmits them to the glue works and sorts and grades the bones according to the purposes for which they are to be used. The high-grade bones such as shin, thigh, and blade bones are saved for manufacturers of knife handles, novelties, ornaments, etc. Large quantities are shipped to Japan. The other bones are sent to the glue department where they are processed for their glue yield. The bone and tissue residue is sent to the fertilizer department and converted into fertilizer, bone meal, etc.

Glue.—Glue manufacture has become one of the leading side lines of the meat-packing industry, especially of that part of it which is under the control of the large packers who assert that "glue is a natural packing-house by-product."

Glue stocks are those materials from which glue is made. The principal glue stocks which are contributed by packing houses are the bones, hide, skin, and pelt trimmings, and tank waters. The bones of the heads, feet, tails and those which are removed from the carcasses in the cutting and boning rooms, together with such bones as are purchased from outside sources are those principally used in the glue industry. The glue stocks derived from hides, skins, and pelts are the hide trimmings, dewclaws and such hides, skins and pelts as have become spoils or for any reason are not marketable. The third source of packing-house glue stock is the tankwater in which fats, bones and other animal tissues have been cooked.

Tank water glue stock should not be confused with " stick or concentrated tankage, which also is obtained from tank waters. It is obtained as follows:

1. From open cook vats where bones are cooked for their yield in tallow or oil.

2. From pressure tanks.

By either method of rendering the waters become charged with the glue elements in the bone and meat products after a brief cooking. The waters from open cooking vats are taken for glue purposes after the cooking has been finished and the oils, bones, and scraps have been removed. The waters from pressure tanks are taken for glue purposes after the tank contents have been under live-steam pressure for one or two hours. The "stick" or concentrated tankage is obtained from the tank waters after the tank contents have been under live-steam pressure from 5 to 10 hours, or until the flesh and fats are thoroughly digested.

The glues are graded according to their adhesive properties, the better grades having the greater viscosity. Hide glues possess greater adhesive strength than either the bone or tankage glues and are used chiefly in the manufacture of belting, furniture, and other articles requiring glues of great strength. Bone glues are less adhesive and are used in the manufacture of articles which do not require great adhesive strength, such as paper boxes, wall paper, writing paper, glazed paper, calsomining.

Gelatine.—Gelatine is also a product of the packing house glue department. It is made from skins, soft bones, and gelatine-producing animal tissues. Edible gelatine is used for culinary purposes and in the manufacture of ice creams and confections. It also is used by sausage and delicatessen makers in the preparation of jellied loafs, jellied tongues, jellied ox-lips, and similar products.

The capacity of the glue works of one of the big meat-packing concerns is approximately 15,000,000 pounds annually.

When the glue-producing capacity of any packer is overtaxed, he endeavors to dispose of his surplus glue stocks, especially sinews, hide trimmings, and head bones, to other glue manufacturers. Such sales are made not at a regular market price, but at a contract price, which represents the best deal he can make.

Section 14.—Sandpaper and emery cloth.

Sandpaper and emery cloth as a packing house by-product may seem far-fetched, but this is one of the means which one packer has adopted for utilizing glue, one of his principal by-products. This company manufactures at least 16 different kinds of sandpaper and emery cloth.

Section 15.—Casings department and products.

Reference has been made frequently to the casings department when discussing the disposition of the intestines of the various animals. This department handles all intestines, bladders, and weasands which are of commercial value. Most of the calf intestines, the very narrow sheep intestines, and those which are diseased, damaged, or otherwise useless from all animals are rejected and tanked, or, as in the case of narrow and damaged sheep intestines, are sent to the gut string department. The casings are cleansed thoroughly, graded, cured, and packed by the casings department according to trade requirements.

Section 16.—Gut string department and products.

The sheep and lamb intestines which for any reason can not be converted into sausage containers are utilized by some of the packers in the gut string department in the preparation of strings for musical instruments, drum snares, clock cord, tennis strings, round belting, surgical ligatures, etc. The raw material is thoroughly cleansed, treated, split, spun, stretched, dried, graded, polished, and placed in packages ready for shipment.

Section 17.—Hide and wool departments.

The hide department is usually on the botton floor or in the cellar of the beef killing department or building. Its chief function is to receive, grade, cure, and ship hides, skins, and pelts.

A few of the larger packers operate wool pulleries, as a means of utilizing the sheep pelt more advantageously. The wool is removed, graded, washed, and placed on the market. The skins or slats are returned to the hide department and prepared for the tannery.

Section 18.—Curled hair.

The conversion of hog, cattle, and horse hair into curled-hair products has been undertaken by some of the larger packers. This prod-

uct is processed and divided into numerous grades, according to the length, character, and quality. The preferred colors, gray, white, and black, are produced generally by artificial means.

Curled hair is used extensively in upholstering furniture, automobiles, etc., in the manufacture of horse collars, mattresses, and hair felt for insulation. The inferior grades are used as ingredients in plastering materials.

One firm states that its annual production is approximately 7,500,000 pounds.

Section 19.—Soap factories.

A few packers have added soap making to their enterprises as a means of utilizing their inedible oils and greases. Toilet, laundry, and shaving soaps, soap powders and glycerin are the principal products.

Section 20.—Fertilizer department and products.

The fertilizer department is a valuable side line to the meat-packing industry. A fertilizer department, in the sense in which it is used here, refers to the agency which prepares animal tankage for use in commercial fertilizers, as well as mixes them according to requirements. Many of the so-called fertilizer departments do not mix commerical fertilizers.

Commercial fertilizers.—Animal tankage is rich in ammonia (nitrates) and bone phosphates, two of the principal elements in commercial fertilizers. All packers whose volume of slaughter has reached any considerable proportion have installed equipment for utilizing animal tankage, concentrated tankage, and blood in commercial fertilizers. Some of the larger packers have fertilizer plants in different sections of the country. These plants are strategically located with regard to the sources of supply and the territory of the greatest distribution.

Stock foods.—High-grade animal tankage, dried blood, and bone meal are used in the preparation of stock and poultry foods. They furnish an important ingredient in balanced rations for hogs, calves, and poultry. The packers have developed this industry largely in connection with their fertilizer industry.

Section 21.—The pharmaceutical department and products.

Two of the larger packers are equipped with modern laboratories where pharmaceutical products are prepared from animal glands and membranes. One of them manufactures about 75 different preparations of organotherapeutic properties.

Pepsin, which is derived from the linings of hogs' stomachs, is produced in large quantities and put up according to the requirement of

physicians and druggists. Some of the glands, membranes, etc., which are used in pharmaceutical preparations are named below:

Cattle and calves.—Pituitary body, pineal gland, parotid gland, parathyroid gland, thymus gland, soft red bones of calves, rennet of calves, ovaries, ox gall. *Hogs.*—Thyroid gland, hog stomach linings, pancreas, ovaries.

SHEEP AND LAMBS.—Pineal gland, thymus gland, certain fats.

A partial list of the leading articles, prepared by one of the larger packers, is given below:[1]

Pepsin. U. S. P. scale, granular and powdered form.
Scale, granular and powdered pepsin, 3,000 test, 4,000 test, 5,000 test, and 6,000 test.
Insoluble powdered pepsin, 3,000 test.
Pepsin tablets.
Glycerole of pepsin, 10 per cent.
Essence of pepsin.
Lactated pepsin.
Lactated pepsin tablets.
Elixir of lactated pepsin.
Saccharated pepsin.
Pancreatin, U. S. P.
Glycerole of pancreatin.
Essence of pancreatin.
Pancreatin and soda (peptonizing) tablets.
Pancreatin and soda (peptonizing) tubes.
Elixir of enzymes.
Nutrient wine of beef peptone.
Lecithol.
Extract of red bone marrow.
Rennet.
Glycerole of rennet.
Chymogen.
Ovol (purified mutton tallow).
Benzoinated lard.
Beef, wine, and iron.
Trypsin.
Glycerole of trypsin.
Corpus luteum, powder.
Corpus luteum, tablets.
Pituitary body, powder.
Pituitary body, tablets.
Pituitary body, anterior lobe.
Pituitary body, posterior lobe.
Pituitary liquid.
Spleen substance, powder.
Spleen substance, tablets.
Spleen substance, capsules.
Suprarenal substance, powder.
Suprarenal substance, tablets.
Thymus substance, powder.
Thymus substance, tablets.
Thymus substance, capsules.
Thyroids, powder.
Thyroids, tablets.
Parathyroids, powder.
Parathyroids, tablets.
Pineal substance.
Pineal tablets.
Ox gall, crude
Ox gall, paste.
Ox gall, powder.
Duodenin tablets.

[1] See pages 144–145, Catalogue of Products Manufactured by Armour & Co., 1916.

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FOOD INVESTIGATION

REPORT

OF

THE FEDERAL TRADE COMMISSION

ON THE

MEAT-PACKING INDUSTRY

V

PART II

EVIDENCE OF COMBINATION AMONG PACKERS

WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

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FEDERAL TRADE COMMISSION.

WILLIAM B. COLVER, *Chairman.*
JOHN FRANKLIN FORT.
VICTOR MURDOCK.

LEONIDAS L. BRACKEN, *Secretary.*

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FEDERAL TRADE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, 25 November, 1918.

SIR: I have the honor to submit herewith Part II of the Report of the Federal Trade Commission on the Meat Industry, being a part of the Commission's food investigation undertaken at your direction.

Other parts of the food investigation report will be presently transmitted.

By direction of the Commission.

Yours very truly,

WILLIAM B. COLVER,
Chairman.

THE PRESIDENT,
White House.

REPORT OF THE FEDERAL TRADE COMMISSION ON THE MEAT-PACKING INDUSTRY.

Part II.

EVIDENCE OF COMBINATION AMONG PACKERS.

CHAPTER I.

HISTORY OF DRESSED-MEAT POOLS AND MERGERS.

Section 1. Introduction.

This part of the report records the evidence of two generations of combined effort on the part of the American meat packers, particularly the Armour, Swift, and Morris families, to control an ever-increasing part of the food of the American people. These combined efforts extend in an almost unbroken series over a period of more than 30 years, beginning with the agreements and combinations formed by Philip D. Armour, Gustavus F. Swift, and Nelson Morris about 1885 and ending with the present agreements, pools, controls, and multiple communities of interest of their descendants, J. Ogden Armour, the Swift brothers, and the Morris brothers, in combination with various other individuals and corporations.

It may appear needless to go into the past history of these relationships, the principal actors in which are long since dead; but it is necessary to an understanding of the present-day activities of the packers that the actions and motives of their predecessors should be reviewed. The operations and motives of these early days when the monopoly was being formed are no longer in dispute; they have been acknowledged under oath by representatives of the packers, one of whom is still employed as joint agent of the present combination. Thus, for example, Henry Veeder in 1912 made a detailed statement regarding the various pools of which he had been secretary during the nineties. These admitted agreements of the past are a key to the evidence of the agreements and combinations of the present time.

The history of combinations among the American packers shows that there have been three well-defined stages of development, and that one stage has so readily passed into another that there has been practically no time since 1885 when the packers were not combined in some way.

First period, 1885–1902—The dressed-meat pools.—There were two of these, which, being given the names of the offices from which they were conducted, may be called the "Allerton pool" and the "Veeder pool." The Veeder pool was abandoned under public pressure less than a month before the Government brought suit and enjoined these practices.

Second period.—The merger period, which began with the attempted consolidation into a single corporation of all the principal packers and, on failure of this plan, took form in the National Packing Co., a less pretentious, but efficient combination. The National Packing Co. was liquidated in 1912, a civil suit following the failure of a criminal trial being imminent.

Third period.—The present combination, characterized by the operation of the live-stock pool which was formed some years before the liquidation of the National Packing Co., and by the operation of the international meat pool. Under this period are discussed also other agreements and understandings by the big packers.

The divers devices by which the combination has sought control have been repeatedly challenged, with the result that the members of the combination, conscious of public watchfulness, have become skilled in concealing combination, and at the same time in giving emphasis to all actions which keep before the public the appearance of competition.

Detection of the combination through analysis of the evidence has been made more difficult because in the harmonious relations maintained by the Big Five as a whole, rivalries among them for the protection of established place in the industry at times simulate the forms of competition. But this rivalry within the combination never becomes competition in truth, for it is never permitted to defeat the common aims and interests of the group. Consequently during the 33 years of the combination's history it has grown greatly, not only in size but in the proportion of the meat and food industry which it controls.

During the early period the packers were in constant conflict, and were able to restrain their competitive activities only by the establishment of a highly artificial system of regulation with weekly meetings, statistical bureaus, and fines and bonuses. During the merger period the National Packing Co. constituted an effective medium for the control of the packers' joint business, but being obviously contrary to the public interest and in conflict with the law, it had to be used with circumspection. Now, with the competitive instinct dulled by years of artificial suppression, it is possible for the packers, bound together by a web of joint interests, to rely on a system of control which is well-nigh automatic in its operations and is devoid of the elaborate machinery of secret meetings, private codes, and punitive

checks, which were necessary during the earlier years. The present combination is by no means a mere "gentleman's agreement," for the understandings are definite and precise, and it is far superior in its operations to the clumsy "pools" of the nineties.

Section 2. The dressed-meat pools.

The first attempts of the packers to get together took place about 1885, when a combination was formed to control the shipments of fresh meat by each member. From the offices in which its meetings were held and its business transacted, it is called for convenience the "Allerton pool."

THE "ALLERTON POOL."—The "charter members" of the meat combination were Swift & Co., Armour & Co., S. W. Allerton, Morris & Co., and Hammond & Co. The Cudahy Packing Co. was not represented, and Allerton was later absorbed by Morris & Co.

The modern American meat industry was in its infancy when the pool was formed and it was only in a crude way that the combination attempted to control the market by means of agreements. The first meetings were held in the office of Swift & Co., and later, when a kind of clearing-house developed, the business was transacted in the office of S. W. Allerton.

This early pool decided upon the quantity of meat to be shipped by each member; but at that time the division of territory was not extensively elaborated, and while the first agreement took into account a system for figuring margins, the system was not fully developed. The members were not slow to recognize the advantages in the agreements, apparently, and each succeeding one was made tighter than its predecessor.

The operations of this pool were investigated by a special Senate committee on the "Transportation and Sale of Meat Products," which after two years of investigation reported unanimously, in 1890, that there was convincing proof of collusion with regard to (*a*) the fixing of beef prices; (*b*) the division of territory and business; (*c*) the division of certain public contracts, and (*d*) the compulsion of retailers to buy their beef from the great packers.[1]

The agitation which followed the publication of the committee's report and the almost simultaneous enactment of the Sherman Anti-trust Law did not end the efforts at combination.

THE "VEEDER POOLS."—By 1893 the packers increased the membership of the combination and extended its operations. The secretarial duties of the new and more complex pool were turned over to Henry Veeder, son of Albert H. Veeder, then attorney for Swift & Co.

The operations of the Veeder pools are best described by a digest of the sworn testimony of Henry Veeder himself in the National

[1] Report of the Select Committee on the Transportation and Sale of Meat Products, 51st Cong., 1st sess., Sen. Rept. No. 829, p. 446.

Packing Co. case. This testimony was given after the statute of limitations had run and there was nothing to fear from an acknowledgment of the conspiracies of the nineties.

Veeder testified that from 1893 to 1896 the representatives of Armour & Co., Swift & Co., and Morris & Co. met regularly every Tuesday afternoon at 2 o'clock; that the Cudahy Packing Co. and G. H. Hammond Co. also occasionally were represented at these meetings. During this earlier period the packing companies were designated by letters: Armour & Co., "A"; Armour Packing Co., "B"; Cudahy Packing Co., "C"; G. H. Hammond Packing Co., "D"; St. Louis Dressed Beef & Provision Co., "E"; Morris & Co., "F"; Swift & Co., "G." Beginning with 1898, when they began to meet again, Schwarzschild & Sulzberger met with them and was designated as "G," Swift then being known as "H."

As a basis for controlling shipments and sales the United States was divided into several territories, known as territory "A," "B," "C," etc. Territory "A," for example, was that part of the United States lying east of the Mississippi and north of the Ohio and Potomac Rivers, excepting the State of Illinois and including the State of West Virginia.

Veeder testified that he was secretary of the meetings held by the packers between 1893 and 1896, as well as the meetings held after 1898. The meetings were held on the sixth floor of the Counselman Building, where his father, Albert H. Veeder, had his law office, in which office Henry Veeder was employed as law clerk when he was not secretary of the packer meetings. He leased in his own name the sixth floor of the Counselman Building, subletting two of the rooms to his father, A. H. Veeder, the balance of the floor being used for the meetings. The rent was apportioned among the packers according to the volume of shipments of fresh beef made by each of the parties into territory "A" for some period of time prior to the time that these meetings occurred, and other expenses were apportioned in the same manner.

Veeder received statistical reports from each of the companies that were parties to that arrangement, and with his assistants compiled them and submitted them to the parties at the meetings on Tuesday afternoon. Two statements were received from each of the houses on Monday. One statement gave the total amount of shipments by the party into territory "A" for the week closing the Saturday preceding; the second statement gave the closed selling prices received by such parties in territory "A" during the same week. These statements were furnished by the heads of the beef departments of each of the packing companies, and served as a basis for adjusting the proportion of shipments and expenses, as well as for levying fines for overshipment.

In addition to the two statements compiled and laid on the table before the parties at the meeting, which statements were known as "shipment" and "margin" statements, Veeder testified that he prepared a third statement known as the "percentage" statement, which was mailed out Monday night to the heads of the beef department of the parties to the agreement. After the meeting on Tuesday afternoon he would mail to the same parties instructions for the ensuing week as to the total percentage to be shipped and the amount each particular house was to ship into territory "A."

Each party who exceeded his percentage of shipments paid Veeder 40 cents per 100 pounds in excess of his apportionment, and Veeder in turn paid the parties who were short of their quota 40 cents for each 100 pounds they were short.

There was no attempt to operate the pool during 1896–97 for the reason, as stated by Henry Veeder, that Schwarzschild & Sulzberger had increased their business so that the parties to the agreement could not prevent the market from being glutted.

Beginning January 1, 1897, however, Veeder was secretary of a statistical bureau organized by the same interests, so that his duties were similar to those under the meetings from 1893 to 1896, except that he compiled reports of shipments into territory "A" only. In January, 1898, a new pool, to continue for three years, was formed by the same interests with the addition of Schwarzschild & Sulzberger, under which 75 cents per 100 pounds was the penalty for overshipments. With this exception, the arrangement was the same as the agreement of 1893–1896. In addition, there was an allotment for each town having two or more shippers in territory "A"; so that there was one additional statement on the table at the Tuesday meetings. A force of auditors was employed to check the shipments.

Two features of this pool, which are not sufficiently covered in Veeder's testimony, need to be emphasized, since one of these, at least, is in use to-day in substantially the same form as an integral part of the existing combination. These features are, first, "the margin system," which is known to persist in the present period, and, second, "the full-capacity plan." An understanding of them in the definite form in which they were operated during the Veeder pools is essential to a comprehension of the evidence of present-day operations.

THE MARGIN.—During the life of the Veeder pools the members extended their control over the fresh-meat business in the principal markets of the United States. The key to the situation was the uniform method of figuring cost, which was given out to their salesmen as the cost of meat. If a change in some item of cost was made one day by one concern, on that same day or soon thereafter the same

change, or another of corresponding amount, was made by the other parties to the agreement.

The operation of this price-making system, or test cost, as it is called, has been illustrated as follows:

> Swift buys a steer weighing 1,200 pounds at $5 per hundredweight, making the cost of the steer $60. To this live cost he adds, say, $2.35, the amount agreed upon by the members of the pool as the allowance that will be made to cover the cost of killing and dressing the meat, called the killing charge. That makes the total gross cost of the carcass $62.35. From this amount would be deducted an agreed amount of, say, 4 cents per pound for the hide, weighing, we will say, 70 pounds, making a total allowance of $2.80. There is also to be deducted, say, 3 cents a pound for fat, and we will assume that the animal produces about 80 pounds of fat, making a total allowance on that account of $2.40. The sum of these two allowances, or $5.20, would be deducted from the gross cost of the carcass, $62.35, leaving the net cost of the carcass $57.15. Assuming that the animal produces 600 pounds of fresh meat, if you divide the net cost of the carcass, that is $57.15, by the number of pounds the meat produces, 600, it will give a price of 9½ cents per pound, the test cost of the meat. That is, on that lot of meat that is slaughtered, on that particular lot of cattle slaughtered by Swift & Co.
>
> Now let us take a lot of cattle slaughtered by Armour & Co. of the same weight and perhaps a little better quality, and assume that Armour & Co. pay $5.50 a hundredweight. That makes $66 for the cost of that steer. Now, here comes in the uniform method of figuring the cost. He makes the same addition to cover killing expenses, the same allowance per pound for the hide and the fat as Swift, and we will find as the result that the net cost of the dressed carcass is $60.85,[1] and the test cost of the meat, therefore, a trifle over 10 cents a pound. Now, that meat is a little different in grade. It appears that they are selling at little different prices, but on the basis on which they have figured their cost they are, in fact, selling on identically the same basis. That is to say, although the prices are different, the margin of profit per pound is identical in each case, and this is the keynote of the whole system. There is no effort to make the prices alike. Indeed, the effort is to the contrary; but there is an effort and a scheme whereby that effort is made effectual to make the margin of profit identical.[2]

This uniform method of figuring cost was made the basis of an agreement on prices as follows:

> As the meat is shipped out to the different branch houses throughout the United States, instructions are given that all the branch-house managers must work, as they call it, for cost or for plus 50 or minus 50, because this cost which was sent out has generally been largely in excess of the actual cost of the fresh meat—that is to say, the allowance made on account of

[1] Apparently error in transcription. By applying method of first paragraph of this quotation the result would be $63.15.

[2] United States v. L. F. Swift et al.; X (1), pp. 21–24.

hides and fat were not made on the basis of the market prices of hides and fat, but were made on an arbitrary basis much below the market price of hides and fats, so that it was possible to work on what was called a minus margin and at the same time dispose of fresh meat at a substantial profit, so that instructions might go out to work uniformly for minus 50 or for cost.

The branch-house managers all through the territory sent in their reports. As the car reaches the market, they send in a report as to the first price which they are getting for the meat out of that particular car, and then comes the instructions from the men at the head of the dressed meat department as to whether that margin is more—whether they are getting what they should get in accordance with the agreement which is made in advance, assuming that there is such an agreement, and then every day on that car comes back a report "minus so and so" or "plus so and so," and then when that car is closed out, they send in a final average figure for the margin on that particular car and then all the cars which go to a particular market are averaged, and then we get the average for New York, Philadelphia, Boston, and all the large markets and then they are thrown into the large territory and you have average for margins in "territory A."[1]

REGULATION OF SHIPMENTS.—It seems that at first the quotas of shipments for each member were made up on the basis of the business of the preceding week, but as the system became perfected a certain figure, called "full capacity" came to be established with reference to the different markets and the different territories.

That is to say, there would be a figure which, with reference to New York, meant full capacity of Armour & Co. to New York; a figure which meant total shipments for Swift & Co.—meant total capacity as far as shipments were concerned; and having through long business experience arrived at a figure of that kind, all it was necessary to do with reference to the shipment of the following week was to say, "We will ship 85 per cent of the capacity" or "We will ship 120 per cent of capacity for the ensuing week." Thus with such a decision as, for example, "minus 45" as a margin and "85 per cent full capacity" each member of the pool could go back to his place of business with an absolute understanding of the prices and terms of the agreement on which he was to operate the business of his company during the ensuing week.[2]

FORCED ABANDONMENT OF POOL, APRIL 13, 1902.—The pool meetings continued uninterruptedly until January, 1902. About this time, however, there was so much agitation in the newspapers and in Congress that the meetings became infrequent and finally at a meeting held on April 13, 1902, it was determined to liquidate. Veeder thereupon destroyed all memoranda, letters, etc., which had been kept at the meetings between 1893 and 1902.

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[1] United States v. L. F. Swift et al.; X (1), pp. 21–24.
[2] Idem, pp. 29 and 32.

Section 3. The Sherman Law case of 1902–3 and the injunction.

The Department of Justice, May 10, 1902, filed a petition in equity for an injunction against the packers, alleging various acts in restraint of competition in the purchase of live stock and the sale of meats, and in monopolization of commerce therein, including conspiracy to secure railroad rebates for the purpose of monopoly.

On May 21, 1902, a temporary injunction issued and, demurrers being overruled, a preliminary injunction was granted February 18, 1903. On April 22, 1903, the petition was taken pro confesso and on May 26, 1903, the preliminary injunction was made perpetual, and on appeal was affirmed, with slight modification, by the United States Supreme Court April 11, 1905. (196 U. S. 375, 393, 394.)

TERMS OF INJUNCTION.—The perpetual injunction of May 26, 1903, as modified by the mandate of the Supreme Court in 1905, was as follows (paragraphing, subdivisional numbering, and italics inserted by the Commission for convenience in analysis):

> And now, upon motion of the said attorney, the court doth order that the preliminary injunction heretofore awarded in this cause, to restrain the said defendants and each of them, their respective agents and attorneys, and all other persons acting in their behalf, or in behalf of either of them, or claiming so to act,
>
> [I] from entering into, taking part in, or performing any contract, combination, or conspiracy, the purpose or effect of which will be as to trade and commerce in fresh meats between the several States and Territories and the District of Columbia, a *restraint of trade*, in violation of the provisions of the act of Congress approved July 2, 1890, entitled "An Act to Protect Trade and Commerce against Unlawful Restraints and Monopolies," either
>
> [1] by directing or requiring their respective agents
>
> [a] to *refrain from bidding* against each other *in* the *purchase of live stock;* or
>
> [b] collusively, and by agreement, to *refrain from bidding* against each other *at* the *sales of live stock;* or
>
> [2] by combination, conspiracy, or contract, *raising or lowering prices or fixing uniform prices at which* the said *meats will be sold*, either directly or through their respective agents; or
>
> [3] by *curtailing* the *quantity of such meats shipped* to such markets and agents; or
>
> [4] by *establishing* and maintaining *rules* for the giving *of credit* to dealers in such meats, as charged in the bill, the effect of which rules will be to restrict competition; or
>
> [5] by *imposing uniform charges for cartage* and delivery of such meats to dealers and consumers, as charged in the bill, the effect of which will be to restrict competition; and also

[II] from violating the provisions of the act of Congress approved July 2, 1890, entitled 'An Act to Protect Trade and Commerce against Unlawful Restraints and Monopolies', by combining or conspiring together, or with each other and others, to *monopolize* or attempt to monopolize any part of the trade and commerce in fresh meats among the several states and territories and the District of Columbia,

[1] by *demanding*, *obtaining*, *or*, with or without the connivance of the officers or agents thereof, or any of them, *receiving from railroad companies* or other common carriers transporting such fresh meats in such trade and commerce, either directly or *by* means of *rebates*, *or by any other device*, *transportation of or for such meats*, from the points of the preparation and production of the same from live stock or elsewhere, to the markets for the sale of the same to dealers and consumers in other states and territories than those wherein the same are so prepared, or the District of Columbia, *at less than the regular rates* which may be established or in force on their several lines of transportation, under the provisions in that behalf of the laws of the said United States for the regulation of Commerce,

be and the same is hereby made perpetual.

List of corporations and persons enjoined.—The defendant corporations and individuals enjoined by the above decree were as follows, the list being taken from the docket in the United States district attorney's office, Chicago:

Swift & Co., The Cudahy Packing Co., The Hammond Packing Co., Armour & Co., corporations under the laws of Illinois.

The Armour Packing Co., The G. H. Hammond Co., The Schwarzschild and Sulzberger Co., corporations under the laws of New Jersey, Michigan, and New York.

Nelson Morris, Edward Morris and Ira N. Morris, copartners, under name of Nelson Morris & Co., doing business at Chicago, East St. Louis, and South St. Joseph.

J. Ogden Armour, Patrick A. Valentine, Calvin M. Favorite, Arthur Meeker, Thos. J. Connors, Chas. F. Langdon, Michael Cudahy, Edward A. Cudahy, Patrick Cudahy, Albert F. Borchert, Gustavus F. Swift, Lawrence A. Carton, D. Edwin Hartwell, Jesse P. Lyman, Frank E. Vogel, Louis Pfaelzer, William Russell, Albert H. Veeder, and Henry Veeder, citizens of Illinois, residing at Chicago.

Edward C. Swift, a citizen of Massachusetts, residing at Boston.

Ferdinand Sulzberger and W. H. Noyes, citizens of New York, residing at New York City.

Section 4. The attempted big merger, 1902–3.

As a result of the temporary injunction of May 21, 1902, wh— specifically prohibited their pooling activities, the three pri[illegible] members of the old pool immediately attempted to ally th[illegible]

2, ...eder, pp.

in a merger form of organization. It seems that Schwarzschild & Sulzberger and Cudahy Packing Co. had become uneasy and did not immediately become parties to the merger negotiations. Armour bought the G. H. Hammond Co., a third member of the old pool. Thus Armour & Co., Swift & Co., and Morris & Co., the remaining three, began negotiations to merge their interests into one corporation, and on May 31, 1902, a few weeks after the last "Veeder meeting" and 10 days after the issuance of the injunction, a contract to this effect was signed.

The contract was made individually by J. Ogden Armour, Gustavus F. Swift, and Edward Morris, and it was agreed that a corporation was to be formed under the laws of New Jersey, or some other suitable State, to which each of the parties to the contract was to sell the shares of capital stock that he held in certain meat-packing and other companies.

For these shares, representing tangible property, the sellers were to receive payment one-half value in 4½ per cent 20-year gold bonds of the new corporation, and one-half in shares of the preferred stock. In part payment for the intangible assets, the parties to the contract were to receive $25,000,000 par value of the new corporation's stock apportioned among them. As subsequently certified to one another August 2, 1902, the tangible assets were in the following proportion: Swift, 46.70 per cent; Armour, 40.11 per cent; and Morris, 13.19 per cent.[1]

In order that each party to the contract should be firmly bound, it had been stipulated that each should deposit with the Illinois Trust & Savings Bank $1,000,000 which should be forfeited for breach of contract. Separate contracts to this effect were executed June 2, 1902, with the Illinois Trust & Savings Bank and the security was actually deposited by each of the three packers.

It was further stipulated that each of the three parties was to purchase for the new corporation "other corporations engaged in businesses," and in order to purchase these new concerns a contract was made July 10, 1902, by Armour, Swift, and Morris with the First National Bank of the City of New York for a loan of $8,000,000 "for the express purpose of furnishing the money to pay for these new companies." The concerns acquired by J. Ogden Armour were, Omaha Packing Co., G. H. Hammond Co., and the Hammond Packing Co.; by Gustavus F. Swift, the Fowler Packing Co. and its affiliated corporations and the Anglo-American Provision Co.; and by Edward Morris, the United Dressed Beef Co. of New York and the St. Louis Dressed Beef & Provision Co. The aggregate par value of stocks acquired by these parties was $8,399,050.

[1] United States v. L. F. Swift et al., Analysis of Evidence, No. 1, A. H. Veeder, p.

As noted above, neither the Cudahy interests nor those of Schwarzschild & Sulzberger at first entered the merger plan; but within a few months Michael Cudahy was again in touch with the three largest packers and decided to go into the merger. On July 18, 1902, a new agreement including Michael Cudahy was drawn up and signed. It was similar in all essential respects to that of May 31, 1902. New agreements guaranteeing the fulfillment of this contract were executed by each of the four parties with the Illinois Trust & Savings Bank on July 19, 1902.

Then on August 26, 1902, a contract was signed by Ferdinand Sulzberger (party of first part) and by J. Ogden Armour, Gustavus F. Swift, and Edward Morris (parties of the second part), whereby the new merger was to acquire the majority of the stock of the Schwarzschild & Sulzberger concern. This contract with Sulzberger provided that the stock of the Schwarzschild & Sulzberger Co. should be exchanged in return for bonds and stock in the new merger, or at his option partly for cash.

Michael Cudahy did not become a signatory party to the contract with Ferdinand Sulzberger, but the Sulzberger contract contained the following stipulation:

> In case a contract or other arrangement is made for the transfer to said new corporation of a majority in number of the shares of the Cudahy Packing Co., Michael Cudahy, or other persons, making the agreement to sell such shares, shall, by force of entering into such agreement, become one of the parties of the second part hereto [Armour, Swift, and Morris], and bound by all the terms and conditions hereto with the same force and effect as if he had been originally named as one of the said parties of the second part and shall, on request of the party of the first part [Ferdinand Sulzberger], affix his written approval hereto.

Thus it is seen that arrangements were made to merge all five of the large meat-packing companies into a single corporation.

In an effort to carry out this merger, the packers concerned negotiated with Kuhn, Loeb & Co., through Jacob Schiff, for a loan of $90,000,000, later reduced to $60,000,000. Appraisals of the property provided for in the contract were made by a committee, the books of the different companies were examined and elaborate reports made to the bankers. A draft of an agreement was drawn up in October, 1902, but Schiff, who had forebodings of the panic of 1903, decided not to negotiate the loan.[1]

With the withdrawal of Kuhn, Loeb & Co., though meetings had been held mornings, afternoons, and nights during June, July, August, September, and October, the merger, on November 27, 1902, failed.[2]

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[1] United States v. L. F. Swift et al., Analysis of Evidence, No. 1, A. H. Veeder, pp. V-3–V-6.
[2] Idem, p. V-2.

Section 5. The National Packing Co.

Even before the proposed merger had failed, the packers had considered certain plans which might be carried out in case the merger should not be consummated. Such were: (1) Division of the newly acquired properties among the individual owners; (2) operation of the properties as a partnership; and (3) formation of a corporation.[1]

The corporation plan was considered the most feasible, and on December 19, 1902, about four weeks after Jacob Schiff had refused the loan of $60,000,000 for the merger, Armour, Swift, and Morris[2] as individuals executed a loan agreement with James Stillman, Kuhn, Loeb & Co., and Edward H. Harriman for the loan of $15,000,000. Supplemental to this another agreement was made, March 18, 1903, this being on the date of the incorporation of the National Packing Co.[3]

It was provided in the agreement of December 19, 1902, that the three packers should deposit as security with Kuhn, Loeb & Co. the capital stock of the packing and other companies which they had acquired in 1902, rated at $15,000,000, together with 53,034 shares in certain other companies at $100 par per share.

By the terms of the supplemental agreement of March 18, 1903, the lenders consented that the National Packing Co. should acquire the properties and business of the following:

Omaha Packing Co.,
G. H. Hammond Co.,
Hammond Packing Co.,
Anglo-American Provision Co.,
Fowler Packing Co.,
Stock Yards Warehouse Co.,

and the pledged shares of the capital stock of the United Dressed Beef Co., Anglo-American Refrigerator Car Co., Kansas City Refrigerator Car Co., Fowler's Canadian Co. (Ltd.), Friedman Manufacturing Co., and the St. Louis Dressed Beef & Provision Co.[4] These plants were turned into the holding company, not on the basis of what had been paid for them by the purchasing parties, but upon some basis which related to the volume of the business or to the division of business as it had existed in the days of the old pool.[5] The stock

[1] United States v. L. F. Swift et al., Analysis of Evidence, No. 1, A. H. Veeder, p. V–2.
[2] Michael Cudahy did not enter into further negotiations, and neither he nor Sulzberger was a party to the National Packing Co.
[3] United States v. L. F. Swift et al., Government Exhibits 8 and 9.
[4] United States v. L. F. Swift et al., Government Exhibit No. 9, being the supplemental agreement, p. 1.
[5] United States v. L. F. Swift et al., X (1), p. 42.

was distributed among the three packers on the basis of Armour 40.11 per cent, Swift 46.70 per cent, and Morris 13.19 per cent.[1]

The capital stock in the so-called subsidiary companies of the National Packing Co. stood in the names of the stockholders of the National Packing Co. in the same proportion substantially as they were stockholders in the National Packing Co. So that on the books of the G. H. Hammond Co. there would be a certain proportion of the stock standing in the name of Armour, a certain proportion in the name of the trustees who managed the Swift estate, a certain proportion of the stock standing in the name of Morris. Thus, for all legal purposes the National Packing Co. might be wiped out of existence and the proportionate ownership in the acquired companies would go on undisturbed.

Evidence which has come to light during the present investigation proves that certain properties acquired by the National Packing Co. were paid for by Armour & Co., Swift & Co., and Morris & Co. and not by the individuals who the packers testified, in the 1912 trial, were the actual owners. This is important, for the claim of individual ownership of the National Packing Co. was one of the points on which the decision in the criminal trial of 1911–12 turned. The evidence is contained in the following letters from the files of Henry Veeder:

CHICAGO, *February 5th, 1904.*

MR. HENRY VEEDER,
240 La Salle St., Chicago, Ills.

DEAR SIR:—

On February 15th, 1904, I will have to pay, on account of the purchase of the North American Provision Company:

Note dated Oct. 15, 1903—4 mo	$11,000.00
Interest 6% from date	225.50
	$11,225.50

Will you kindly collect this amount from the parties in interest and remit to me in time for your check to reach me before the note falls due, and greatly oblige.

Yours very truly, EDWARD TILDEN.

A. M. B.
R.

FEBRUARY 15, 1904.

EDWARD TILDEN, Esq.,
Libby, McNeil & Libby, Chicago.

DEAR SIR:—

Herewith please find check of Armour & Company for $4,502.55, also my check for $1,480.64, covering the proportions of Armour & Company and Nelson Morris & Company, respect-

[1] Memorandum prepared by Jean Paul Muller, special assistant to the United States attorney, shows that J. Ogden Armour held 60,160 shares, G. F. Swift, 70,047, and Edward Morris, 19,783. The remaining 10 of the 150,000 were held one each by the other 10 persons connected with the companies. See memorandum "Natl. Packing Co." (C. W.), p. 2.

ively, in the payment of $11,225.50 to be made today on account of closing the North American Provision Company.

Please acknowledge receipt of these checks, and also, please acknowledge receipt of the check of Swift & Company for $5,242.31, their proportion of the same payment, when the check is received by you from Swift & Co.

Sincely yours,

HV-s
R

When the National Packing Co. set to work, the directors who assembled at the meetings of the board—still in Veeder's office—were: Gustavus F. Swift, Edward Tilden, Albert H. Veeder, J. Ogden Armour, P. A. Valentine, Arthur Meeker, Edward Morris, Thomas E. Wilson, Kenneth K. McLaren, Jesse P. Lyman, and James D. Standish, the same men who had met in Veeder's offices to attend to the work of the old pool, except Kenneth K. McLaren who was the New Jersey resident director for the National Packing Co.

The same method for making the cost of beef seem high that had been employed under the Veeder pools was used by the packers in the time of the National Packing Co. An effort was made to conceal the fact that the four companies were using an identical system of figuring the test cost. One of the companies would add to the live cost of the animal $2.75 for the killing charge and make deductions for by-products after making exactly the same deductions for hides and fat as all the others and would make an additional deduction of 40 cents per head for tongues. Another company would charge $2.75 for killing and make a deduction of 40 cents for offal, but no deductions for tongues and identically the same deductions as the others for hides and fat. Still another would make a charge of $2.35 for killing but no deduction for either tongues or offal and the same deduction as the others for hides and fat.[1]

In November, 1907, the companies for a time ceased to make any allowance whatever for hides in computing the test cost, although at that time hides had a substantial value on the Chicago market. This abandonment of the practice of making an allowance for hides in computing the test cost would necessarily result in increasing the test cost of the meat. The result of this change in calculating test costs was to cover up the profits then being taken by reason of the wide "spread" ruling between live-stock prices and beef prices.

The plan that was carried out with regard to branch houses in the days of the old pool was applied to them after the incorporation of the National Packing Co. After the regular Tuesday meeting, the branches of each house were notified of percentages as in the days of the Veeder pool. Close cooperation developed among the branches.

[1] United States v. L. F. Swift et al., X (1), p. 59, 860.

For example, in New York the representatives of Armour, Swift, Morris, and the National Packing Co. exchanged margins weekly, and these were wired to headquarters, each reporting his own and those of the others. They visited one another's coolers also nearly every day,[1] to see what stock was on hand and inquire as to prices.

The National Packing Co.—the clearing house for the combination—continued until July, 1912, when, after the failure of a criminal prosecution it was liquidated in order to avoid a civil suit. The properties of the National were distributed among the Armour, Swift, and Morris companies on substantially the same percentage basis on which they had been merged.

The foregoing review, covering a period of 27 years, shows the dressed-meat pools and mergers by which the packers sought to control the packing industry of the United States, but which were abandoned under pressure of legal proceedings. The following chapter on the present form of the combination traces, as one feature, the device of the live-stock pool in its development from the early days of the National Packing Co., through the readjustments at the time of that company's liquidation in 1912, and explains the effectiveness of this pool as an instrument of combination.

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[1] United States *v.* L. F. Swift et al., Analysis of Evidence, VI–C–1.

CHAPTER II.

HOW THE MEAT COMBINATION WORKS NOW.

Section 1. Introduction.

The evidence of the present-day existence of a meat combination among the five big packers is voluminous and detailed. It consists of hundreds of letters and memoranda taken from the files of the packers; the testimony of witnesses at the public hearings of the Commission, and the reports of the examination by the Commission's agents of former employees of the packers and other persons qualified by business experience or associations to testify regarding various phases of the packers' combinations. This evidence is convincing, consisting as it does largely of documents written by the packers or their agents and including the memoranda made by one of the participants in the combination of the terms and conditions agreed upon at various meetings of the packers.

The principal conclusions to be drawn from this mass of evidence relating to combinations among the packers are:

1. That Swift & Co., Armour & Co., Morris & Co., Wilson & Co., Inc., and The Cudahy Packing Co. are in an agreement for the division of live-stock purchases throughout the United States according to certain fixed percentages.

That this national live-stock division is reinforced by local agreements among the members of the general combination operating at each of the principal markets, as at Denver, where Armour and Swift divide their live stock "fifty-fifty."

That these national and local live-stock purchase agreements constitute a restraint of interstate commerce in live animals and in the sale of meat and other animal products, stifling competition among the five companies, substantially controlling the prices to be paid live-stock producers and the prices to be charged consumers of meat and other animal products, and giving the members of the combination unfair and illegal advantages over actual and potential competitors.

2. That the five companies exchange confidential information which is not made available to their competitors and employ jointly paid agents to secure information which is used to control and manipulate live-stock markets.

3. That the five companies act collusively, through their buyers, in the purchase of live stock, their specific collusive activities embracing:

(*a*) "Split-shipments" purchases, where by interchange of information the split lots are made to sell at the same price on different markets, regardless of how many packers are involved in making the purchase.

(*b*) "Part purchases," where two or more packers join in purchasing the live stock of one shipper or producer, each taking a part of a shipment at the same price.

(*c*) "Wiring on," where a shipper who forwards his live stock from one market to another for the purpose of securing a better price is punished regardless of which packer he sells to in the second market.

(*d*) "Making" the daily market, where a common live-stock buying policy for all the big packers at the principal markets substantially controls the basic prices to be paid throughout the United States. "Late buying," where all the buyers of the big packers stay out of the market for one or more hours after the opening for the purpose of depressing prices, is one of the means of making the market.

4. That Swift & Co., Armour & Co., Morris & Co., and Wilson & Co., Inc., through their subsidiary and controlled companies in South America, combined with certain other companies to restrict and control shipments of beef and other meats from South America to the United States and other countries.

5. That the five companies—Swift & Co., Armour & Co., Morris & Co., Wilson & Co., Inc., and The Cudahy Packing Co.—act collusively in the sale of fresh meat, their specific collusive activities embracing:

(*a*) Exchange of information regarding "margins" realized in the sale of meat:

(*b*) Inspection of one another's stocks of fresh meats; and

(*c*) Joint action in underselling independent competitors by a system of rotation, each of the members of the combination in turn assuming the burden of cutting prices to the competitor's customers.

6. That there is a joint contribution to funds expended under their secret control to influence public opinion and governmental action, and thus to maintain the power of their combination.[1]

7. That the agreements, understandings, and pools hereinbefore recited are reinforced by the community of interest among the five companies above named through joint ownership, either corporate or individual, of various enterprises. Two or more of the five interests thus have joint ownership or representation in 108 concerns, as far as ascertained to July, 1918.[2]

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[1] The evidence bearing on this point is reserved for discussion in a later Part of this report.

[2] For discussion of joint interests of Big Five see diagram in Summary, and Part I.

THE LIVE-STOCK POOL.

Section 2. Early development of live-stock pool.

The National Packing Co. formed the medium through which Armour, Swift, and Morris representatives, meeting as directors of the jointly owned company, effected control of shipments and prices of fresh meats, along much the same lines that had been used in the Veeder pools. Competition between these three companies in the sale of fresh meats was restricted, and both producers and consumers were placed at disadvantage.

The Cudahy and Sulzberger companies, however, were not interested in the National Packing Co. and had no representatives at the weekly "directors" meetings. It is difficult, if not impossible, to carry on a pool in fresh meats, in which shipments and margins must be decided in advance, without weekly meetings or some other kind of regular communication and discussion. Unless each member of a fresh-meat pool knows at the beginning of the week how much meat is to be shipped to a given territory, there is likely to be a general glut or a general shortage. The watchfulness of the Government made such meetings as had characterized the Veeder pools unsafe except when disguised by some such subterfuge as that of the National Packing Co. In short, it was safe to hold weekly "directors" meetings of the National Packing Co. at which Armour, Swift, and Morris could agree on their business arrangements, but it was not safe for Cudahy and Sulzberger representatives to meet with them regularly.

The fact that Cudahy and Sulzberger were not represented in the National Packing Co. meetings did not mean that they were actual competitors, for a device had been contrived probably as early as 1902 [1] by which competition among all the big companies, including the Cudahy and Sulzberger companies, was controlled along broad lines, without necessity for regular meetings.

THE POOLING DEVICE.—This device was an understanding that each of the companies was to purchase a certain percentage of the live stock at each of the principal markets and for the country as a whole. For example, where only two of the big packers were represented at a market they would split the live stock "fifty-fifty," each purchasing half of the animals not purchased by independents and other buyers. The division of percentages at each market was made so that each packer had the right to buy approximately what he had been in the habit of buying under the Veeder pools. These percentages at the local markets, when combined with certain allowances for "country buying," gave each packer a certain percentage of the live stock for the country as a whole.

[1] Report of Special Agent J. J. Dickinson, U. S. Bureau of Corporations, 1904.

This percentage each packer had to approximate, neither underbuying nor overbuying. If a packer underbought during any particular period, he was likely to have his percentage permanently reduced to that figure, while if a packer tried to "hog the market" by buying more than his share, the others had it in their power to retaliate by such measures as putting the price upon him at some time when he was short and needed live stock to fill his orders. This live-stock pool is still in operation.

EVIDENCE OF EARLY EXISTENCE OF LIVE-STOCK POOL AMONG THE FIVE INTERESTS.—Evidence secured by the Commission in its investigation carries the live-stock pool back nearly to the beginning of the National Packing Co.; and letters and documents from the packers' files prove the operation of the pool from 1909 on. The Cudahy and Sulzberger companies, as well as the Swift, Armour, and Morris companies, are shown to have been members.

A former head hog buyer for one of the big packing companies (not named here, for his protection) stated to an agent of the Commission that, to his knowledge, Swift & Co., Armour & Co., National Packing Co., and the Cudahy Packing Co. had for at least six years of the National Packing Co. period a definite agreement as to the division of hog receipts at the Omaha market. This carries the pool back almost to the incorporation of the National Packing Co. This informant gave the following figures as the percentages in force at Omaha during his employment:

30 per cent, Armour.
30 per cent, Cudahy.
25 per cent, Swift.
15 per cent, National (Hammond plant).[1]

He said he was required to make the hog purchases for his company in line with these agreed percentages.

The second paragraph of the following letter of October 12, 1911, written by E. A. Cudahy, president of the Cudahy Packing Co., to M. R. Murphy, general superintendent, mentions the "30 per cent at Omaha," which the hog buyer referred to above cited as Cudahy's agreed percentage at that market:

OCT. 12, 1911.

MR. M. R. MURPHY,
South Omaha, Neb.

DEAR SIR:

I am in receipt of your wire about Dold[2] wanting 50% of the Hogs at Wichita. He seems to make this claim right along, but I really don't see what he bases this on, except that just wants the hogs whenever they figure out. It might be well to figure

[1] Now owned by Morris & Co. [2] Jacob Dold Packing Co., an independent.

up Dold's buy, and our buy, by years, since we started, and see what percentage of the hogs was really bought.

I wired you today that I thought you ought to buy 17% of the hogs at Kansas City, 30% at Omaha and 50% or just as many hogs as Armour buys at Sioux City.

I notice that St. Louis is shipping some hogs out of Kansas City and I would like to know who they are going to. With the receipts they are getting at St. Louis, I don't see why any packer wants to go to Kansas city for hogs.

I had a letter from Mr. Scott. He seems to be getting all the hogs he wants out there at 7¼c. If they are good quality it is all right. I am a little surprised to see the Eastern Shippers taking so many hogs out of Chicago. The way the trade has got on to this fresh pork. I am afraid it is going to take a great many hogs to get them down below 6c. a lb., but there is a little margin in them at present, and I think we want to run our full share of the hogs at all points where we are represented.

* * * * * * *[1]

Yours truly,

P. S.[1] * * * * * * *

Other letters and documents from the Cudahy files, quoted later in this chapter, substantiate the fact of the agreement on purchase percentages at Omaha and other markets.

A buyer employed at Kansas City by the Armour Packing Co., and later Armour & Co., from 1900 to 1912—the last seven of these years as a cattle buyer—explained the operation of the division of receipts agreement at Kansas City, to an examiner of the Commission, as follows:

> In 1905 I became one of Armour's cow buyers. I had been doing a little buying right along learning the business. The packers had an agreement to buy a certain percentage. They gave Armour the biggest percentage. I think it was 35 per cent. Each packer had a certain allowance for the week, and could not buy more than his proportion no matter how badly his packing plant needed cattle. I remember Finney would come to the office and say that he could use so many cattle of a certain grade, but he was told that Armour had already purchased his allowance for the week and could not buy any more of this kind. This was usually on a Friday. This division of receipts was for the purpose of keeping prices down.

A letter dated March 23, 1911, from Paul D. Cravath, attorney for Sulzberger & Sons Co., formerly Schwarzschild & Sulzberger Co., to Henry Veeder, transmitted several sheets of live-stock purchase percentages of each of the big companies (then six, now five) and asked that they be verified, so that there might be no dispute about the facts at a forthcoming conference. The matter to be discussed at

[1] The remainder of this letter is omitted, since it deals with technical details of processing hog products, etc.

the conference was the division of live-stock purchases, and each of the big companies was in the pool as is shown by the statements which were inclosed in the Cravath letter, which follows:

CRAVATH, HENDERSON & DE GERSDORFF,

No. 52 William Street,

NEW YORK, *March 23, 1911.*

S. & S. COMPANY.

DEAR VEEDER:—

I enclose a number of statements prepared by my client, which explain themselves. I have asked to have these statistics prepared in order that I may be in a position to form my own views as to the questions I have had under discussion. It occurs to me to have these statements verified by your clients so that when we have the conference, which I expect to suggest for a few days later, we may know whether we agree upon the facts—certainly so far as they appear in these statements.

Very sincerely yours,

PAUL D. CRAVATH.

HENRY VEEDER, Esq.,
125 Monroe Street,
Chicago, Ill.

6P
Enc.

Following are the statements which were inclosed in the above letter, giving the number of head of cattle, hogs, and sheep purchased, and the percentages, at the Chicago, Kansas City, Omaha, St. Louis, St. Joseph, and Sioux City markets combined. They cover 1910 and 1911, the comparison of 1910 with 1909 being shown by a plus or minus column of the slight differences in percentage.

Cattle purchases at Chicago, Kansas City, Omaha, St. Louis, St. Joseph, and Sioux City, 1910.

	No. head.	Per cent.	Compared with 1909.
S. & S. Co.	664,813	14.90	Plus 0.2.
Armour	985,377	22.00	Plus 0.2.
Swift	1,150,250	25.70	Plus 0.1.
Morris	782,728	17.50	Minus 0.7.
Cudahy	485,475	10.80	Plus 0.3.
Hammond [1]	406,981	9.10	Minus 0.1.
	4,475,624		

[1] NOTE BY COMMISSION: Hammond belonged to National Packing Co. and its properties were divided up between Armour & Co., Swift & Co., and Morris & Co. Morris received the Hammond plant at Omaha.

Hog purchases, 1910.

	No. head.	Per cent.	Compared with 1909.
S. & S. Co.	891,368	9.50	Plus 0 1.
Armour	2,900,495	30.90	Plus 1.7.
Swift	2,580,094	27.40	Minus 0.5.
Morris	1,234,475	13.10	Minus 1.1.
Cudahy	1,178,133	12.50	Even.
Hammond	618,996	6.60	Minus 0.2.
	9,403,561		

Sheep purchases, 1910.

	No. head.	Per cent.	Compared with 1909.
S. & S. Co.	603,946	8.80	Minus 1.4.
Armour	1,747,479	25.60	Plus 1.9.
Swift	2,228,182	32.60	Plus 0.4.
Morris	964,637	14.10	Minus 0.1.
Cudahy	676,674	10.00	Minus 0.4.
Hammond	610,596	8.80	Minus 1.2.
	6,831,514		

Cattle.

	1910.		From Jan. 1 to Feb. 18, 1911.		Last week December, 1909.	
S. & S. Co.	664,813	15%	93,924	17%	11,751	15%
Armour	985,381	22%	116,853	21%	16,979	22%
Swift	1,150,200	26%	136,349	25%	20,438	26%
Morris	769,645	17%	88,947	16%	13,782	19%
Cudahy	485,875	11%	60,020	11%	6,448	8%
Hammond	407,970	9%	52,370	10%	6,855	9%
Total	4,475,509		549,463		76,253	

Hogs.

	1911.		From Jan. 1 to Feb. 18, 1910.		Last week December, 1909.	
S. & S. Co.	891,368	9%	177,276	11%	9,776	8%
Armour	2,900,495	31%	499,085	31%	38,873	30%
Swift	2,580,094	27%	448,714	28%	36,491	27%
Morris	1,234,545	13%	197,936	12%	18,874	15%
Cudahy	1,178,133	13%	196,133	12%	16,206	13%
Hammond	618,996	7%	95,930	6%	9,200	7%
Total	9,403,714		1,615,074		129,420	

Sheep.

	1910.		From Jan. 1 to Feb. 18, 1911.		Last week December, 1909.	
S. & S. Co.	603,946	8%	112,675	10%	9,252	10%
Armour	1,747,480	26%	286,679	26%	23,740	25%
Swift	2,227,932	33%	364,794	33%	27,062	27%
Morris	964,632	14%	140,022	12%	13,983	15%
Cudahy	676,674	10%	126,097	11%	13,063	14%
Hammond	610,596	9%	90,520	8%	8,137	9%
	6,831,454		1,120,782		95,237	

Purchases for 1911 as compared with corresponding weeks of 1910.

CATTLE.

Week ending—	S. & S.	Armour.	Swift.	Morris.	Cudahy.	Hammond.	Total.
Jan. 8/10	13,681-16.0	20,014-23.4	19,774-23.3	15,981-18.7	8,831- 9.7	7,449- 9.0	85,230
Jan. 7/11	13,246-17.4	16,166-21.3	19,280-25.4	12,571-16.5	7,784-10.2	6,973- 9.2	76,020
Jan. 15/10	14,756-15.3	21,627-22.5	24,293-25.3	17,087-17.8	10,123-10.5	8,189- 8.6	96,075
" 14/11	13,342-16.3	17,935-21.8	20,016-24.4	12,831-15.6	9,859-12.0	8,154- 9.9	82,137
Jan. 22/10	15,642-16.4	20,556-21.6	24,207-25.5	16,862-17.7	8,383- 8.8	9,306-10.0	94,956
" 21/11	15,548-18.0	17,239-20.0	21,733-25.2	14,177-16.4	8,850-10.3	9,703-10.1	86,250
Jan. 29/10	12,246-14.3	15,817-18.5	24,193-28.3	16,359-19.1	8,667-10.1	8,043- 9.7	85,325
" 28/11	13,434-16.4	17,872-21.9	21,303-26.1	13,375-16.4	9,036-11.1	6,674- 8.1	81,694
Feb. 5/10	11,706-18.2	12,360-19.2	16,081-25.0	10,382-16.2	7,895-12.3	5,596- 9.0	64,020
" 4/11	13,317-17.1	17,196-22.0	19,854-25.0	12,932-16.6	6,930- 8.9	7,747- 9.9	77,976
Feb. 12/10	12,159-16.9	16,367-22.9	18,162-25.2	11,241-15.6	7,465-10.3	6,417- 9.3	71,811
" 11/11	10,234-16.0	14,244-22.3	14,077-22.0	10,697-16.7	8,409-13.2	6,233- 9.8	63,894
Feb. 19/10	14,303-17.9	17,859-22.3	19,152-24.0	13,600-17.1	7,412- 9.3	7,213- 9.4	79,539
" 18/11	14,803-18.2	16,201-19.9	21,086-25.9	12,364-15.2	9,152-11.2	7,886- 9.7	81,492
Feb. 26/10	12,504 16.1	16,204-20.7	20,206-25.8	12,724-16.3	8,580-10.9	7,840-10.	78,058
" 25/11	14,343-18.2	18,181-23.0	18,229-23.1	13,025-16.5	6,983- 8.8	8,174-10.4	78,935
Mar. 5/10	11,832-16.1	14,756-20.1	19,383-26.4	12,956-17.6	7,082- 9.6	7,196- 9.8	73,205
" 4/11	10,727-17.2	13,779-22.1	14,695-23.5	9,668-15.5	8,100-13.0	5,411- 8.7	62,380

HOGS.

1/8/10	22,113-11.3	56,833-28.9	52,648-26.8	26,848-13.7	23,328-11.8	14,200-7.6	195,970
1/7/11	18,515-10.1	54,976-29.9	54,622-29.7	22,033-12.0	21,622-11.7	12,100-6.6	183,868
1/15/10	24,917-11.7	60,479-28.4	51,121-24.0	31,554-14.8	26,536-12.5	18,011-8.6	212,618
1/14/11	23,117- 9.5	77,043-31.7	67,418-27.8	27,561-11.4	30,896-12.7	16,780-6.9	242,815
1/22/10	27,470-12.9	62,480-27.5	61,256-26.9	34,642-15.2	26,338-11.6	14,950-5.9	227,137
1/21/11	23,917-10.8	74,430-33.5	60,572-27.2	24,325-10.9	26,538-11.9	12,600-5.7	222,382
1/29/10	24,786-10.8	70,066-30.4	60,229-26.2	30,839-13.4	29,199-12.7	14,850-6.5	229,969
1/28/11	24,863-11.1	74,406-33.3	58,062-26.0	26,253-11.8	26,839-12.0	13,050-5.8	223,473
2/5/10	25,171-12.9	53,923-27.7	51,732-26.6	25,795-13.2	24,276-12.5	13,220-7.1	194,117
2/4/11	28,922-13.0	66,047-29.7	58,404-26.3	31,062-14.0	26,376-11.9	11,350-5.1	222,161
2/12/10	24,787-11.5	62,491-28.9	56,038-25.9	26,864-12.4	31,269-14.5	14,500-6.8	215,949
2/11/11	28,902-10.9	79,661-30.0	76,552-29.0	33,761-12.7	30,543-11.5	15,950-6.0	264,304
2/19/10	25,773-10.9	76,266-32.2	67,542-28.5	28,042-11.8	25,048-10.6	13,850-6.0	236,521
2/18/11	29,040-11.4	72,522-28.4	73,084-28.7	32,941-12.9	33,319-13.1	14,100-5.5	266,006
2/26/10	20,928-10.9	59,124-31.4	56,750-29.8	19,418-10.1	22,697-11.6	12,110-6.3	190,422
2/25/11	26,361-10.1	77,551-29.7	73,877-28.2	32,230-12.3	34,466-13.2	16,943-6.5	261,428
3/5/10	20,879-12.1	53,410-31.8	44,337-24.0	19,017-11.3	18,665-11.1	11,700-6.9	168,008
3/4/11	26,759-11.0	73,351-30.0	64,574-26.0	30,177-12.3	34,897-14.4	14,400-5.9	244,158

Hog purchases, 1910.

	No. head.	Per cent.	Compared with 1909.
S. & S. Co	891,368	9.50	Plus 0.1.
Armour	2,900,495	30.90	Plus 1.7.
Swift	2,580,094	27.40	Minus 0.5.
Morris	1,234,475	13.10	Minus 1.1.
Cudahy	1,178,133	12.50	Even.
Hammond	618,996	6.60	Minus 0.2.
	9,403,561		

Sheep purchases, 1910.

	No. head.	Per cent.	Compared with 1909.
S. & S. Co	603,946	8.80	Minus 1.4.
Armour	1,747,479	25.60	Plus 1.9.
Swift	2,228,182	32.60	Plus 0.4.
Morris	964,637	14.10	Minus 0.1.
Cudahy	676,674	10.00	Minus 0.4.
Hammond	610,596	8.80	Minus 1.2.
	6,831,514		

Cattle.

	1910.		From Jan. 1 to Feb. 18, 1911.		Last week December, 1909.	
S. & S. Co	664,813	15%	93,924	17%	11,751	15%
Armour	985,381	22%	116,853	21%	16,979	22%
Swift	1,150,200	26%	136,349	25%	20,438	28%
Morris	769,645	17%	88,947	16%	13,782	18%
Cudahy	485,875	11%	60,020	11%	6,448	8%
Hammond	407,970	9%	52,370	10%	6,855	9%
Total	4,475,599		549,463		76,253	

Hogs.

	1911.		From Jan. 1 to Feb. 18, 1910.		Last week December, 1909.	
S. & S. Co	891,368	9%	177,276	11%	9,776	8%
Armour	2,900,495	31%	499,085	31%	38,873	30%
Swift	2,580,094	27%	448,714	28%	36,491	27%
Morris	1,234,545	13%	197,936	12%	18,874	15%
Cudahy	1,178,133	13%	196,133	12%	16,206	13%
Hammond	618,996	7%	95,930	6%	9,200	7%
Total	9,403,714		1,615,074		129,420	

Sheep.

	1910.		From Jan. 1 to Feb. 18, 1911.		Last week December, 1909.	
S. & S. Co	603,946	8%	112,675	10%	9,252	10%
Armour	1,747,480	26%	286,679	26%	23,740	25%
Swift	2,227,932	33%	364,794	33%	27,062	27%
Morris	964,632	14%	140,022	12%	13,983	15%
Cudahy	676,674	10%	126,097	11%	13,063	14%
Hammond	610,596	9%	90,520	8%	8,137	9%
	6,831,454		1,120,782		95,237	

Purchases for 1911 as compared with corresponding weeks of 1910.

CATTLE.

Week ending—	S. & S.	Armour.	Swift.	Morris.	Cudahy.	Hammond.	Total.
Jan. 8/10	13,681-16.0	20,014-23.4	19,774-23.3	15,981-18.7	8,831- 9.7	7,449- 9.0	85,230
Jan. 7/11	13,246-17.4	16,166-21.3	19,280-25.4	12,571-16.5	7,784-10.2	6,973- 9.2	76,020
Jan. 15/10	14,756-15.3	21,627-22.5	24,293-25.3	17,087-17.8	10,123-10.5	8,189- 8.6	96,075
" 14/11	13,342-16.3	17,935-21.8	20,016-24.4	12,831-15.6	9,859-12.0	8,154- 9.9	82,137
Jan. 22/10	15,642-16.4	20,556-21.6	24,207-25.5	16,862-17.7	8,383- 8.8	9,306-10.0	94,956
" 21/11	15,548-18.0	17,239-20.0	21,733-25.2	14,177-16.4	8,850-10.3	9,703-10.1	86,250
Jan. 29/10	12,246-14.3	15,817-18.5	24,193-28.3	16,359-19.1	8,667-10.1	8,043- 9.7	85,325
" 28/11	13,434-16.4	17,872-21.9	21,303-26.1	13,375-16.4	9,036-11.1	6,674- 8.1	81,694
Feb. 5/10	11,706-18.2	12,360-19.2	16,081-25.0	10,382-16.2	7,895-12.3	5,596- 9.0	64,020
" 4/11	13,317-17.1	17,196-22.0	19,854-25.0	12,932-16.6	6,930- 8.9	7,747- 9.9	77,976
Feb. 12/10	12,159-16.9	16,367-22.9	18,162-25.2	11,241-15.6	7,465-10.3	6,417- 9.3	71,811
" 11/11	10,234-16.0	14,244-22.3	14,077-22.0	10,697-16.7	8,409-13.2	6,233- 9.8	63,894
Feb. 19/10	14,303-17.9	17,859-22.3	19,152-24.0	13,600-17.1	7,412- 9.3	7,213- 9.4	79,539
" 18/11	14,803-18.2	16,201-19.9	21,086-25.9	12,364-15.2	9,152-11.2	7,886- 9.7	81,492
Feb. 25/10	12,504 16.1	16,204-20.7	20,206-25.8	12,724-16.3	8,580-10.9	7,840-10.	78,058
" 25/11	14,343-18.2	18,181-23.0	18,229-23.1	13,025-16.5	6,983- 8.8	8,174-10.4	78,935
Mar. 5/10	11,832-16.1	14,756-20.1	19,383-26.4	12,956-17.6	7,082- 9.6	7,196- 9.8	73,205
" 4/11	10,727-17.2	13,779-22.1	14,695-23.5	9,668-15.5	8,100-13.0	5,411- 8.7	62,380

HOGS.

1/8/10	22,113-11.3	56,833-28.9	52,648-26.8	26,848-13.7	23,328-11.8	14,200-7.6	195,970
1/7/11	18,515-10.1	54,976-29.9	54,622-29.7	22,033-12.0	21,622-11.7	12,100-6.6	183,868
1/15/10	24,917-11.7	60,479-28.4	51,121-24.0	31,564-14.8	26,536-12.5	18,011-8.6	212,618
1/14/11	23,117- 9.5	77,043-31.7	67,418-27.8	27,561-11.4	30,896-12.7	16,780-6.9	242,815
1/22/10	27,470-12.9	62,480-27.5	61,256-26.9	34,642-15.2	26,338-11.6	14,950-5.9	227,137
1/21/11	23,917-10.8	74,430-33.5	60,572-27.2	24,325-10.9	26,538-11.9	12,600-5.7	222,382
1/29/10	24,786-10.8	70,066-30.4	60,229-26.2	30,839-13.4	29,199-12.7	14,850-6.5	229,969
1/28/11	24,863-11.1	74,406-33.3	58,062-26.0	26,253-11.8	26,839-12.0	13,050-5.8	223,473
2/5/10	25,171-12.9	53,923-27.7	51,732-26.6	25,795-13.2	24,276-12.5	13,220-7.1	194,117
2/4/11	28,922-13.0	66,047-29.7	58,404-26.3	31,062-14.0	26,376-11.9	11,350-5.1	222,161
2/12/10	24,787-11.5	62,491-28.9	56,038-25.9	26,864-12.4	31,269-14.5	14,500-6.8	215,949
2/11/11	28,902-10.9	79,661-30.0	76,552-29.0	33,761-12.7	30,543-11.5	15,950-6.0	264,304
2/19/10	25,773-10.9	76,266-32.2	67,542-28.5	28,042-11.8	25,048-10.6	13,850-6.0	236,521
2/18/11	29,040-11.4	72,522-28.4	73,084-28.7	32,941-12.9	33,319-13.1	14,100-5.5	266,006
2/26/10	20,928-10.9	59,124-31.4	56,750-29.8	19,418-10.1	22,097-11.6	12,110-6.3	190,422
2/25/11	26,361-10.1	77,551-29.7	73,877-28.2	32,230-12.3	34,466-13.2	16,943-6.5	261,428
3/5/10	20,879-12.1	53,410-31.8	44,337-24.0	19,017-11.3	18,665-11.1	11,700-6.9	168,008
3/4/11	26,759-11.0	73,351-30.0	64,574-26.0	30,177-12.3	34,897-14.4	14,400-5.9	244,158

Purchases for 1911 as compared with corresponding weeks of 1910—Continued.

SHEEP AND LAMBS.

Week ending—	S. & S.	Armour.	Swift.	Morris.	Cudahy.	Hammond.	Total.
1/8/10	14,703-10.3	38,340-26.8	41,477-39.0	20,932-14.6	14,774-10.4	12,503- 8.9	142,739
1/7/11	13,589- 9.2	42,014-28.4	44,516-30.0	18,373-12.4	17,050-11.5	12,639- 8.5	148,181
1/15/10	16,151-11.0	37,278-25.6	40,708-27.9	21,044-14.4	14,859-10.2	15,777-10.9	145,817
1/14/11	15,302- 8.9	50,070-29.0	56,910-33.0	20,978-12.2	17,384-10.1	11,715- 6.8	172,359
1/22/10	13,029- 9.5	32,773-24.0	47,986-35.2	20,418-14.9	11,075- 8.1	11,025- 8.2	136,306
1/21/11	18,159-10.3	44,790-25.3	61,929-35.0	22,385-12.7	15,420- 8.7	14,118- 8.0	176,801
1/29/10	11,507-10.1	27,297-24.1	34,901-30.8	15,362-13.5	12,877-11.3	11,236-10.2	113,180
1/28/11	15,453- 9.3	40,255-25.8	52,574-33.7	19,605-12.5	18,041-11.5	11,297- 7.2	156,315
2/5/10	10,831- 9.2	25,107-21.4	37,469-31.9	17,494-14.9	13,098-11.1	13,112-11.5	117,111
2/4/11	15,455-11.4	28,631-21.1	42,761-31.5	17,678-13.0	17,273-12.7	13,961-10.3	135,759
2/12/10	10,500- 7.7	32,782-24.2	43,837-32.3	18,698-13.7	14,803-10.0	14,777-11.2	135,393
2/11/11	19,198-10.8	43,530-24.4	56,741-31.8	19,894-11.2	23,088-12.9	15,932- 8.9	178,383
2/19/10	12,725-10.3	28,592-23.2	39,753-32.4	16,019-13.1	13,668-11.1	11,996- 9.0	122,753
2/18/11	16,429-10.7	27,389-24.4	49,358-32.3	21,109-13.8	17,841-11.7	10,858- 7.1	152,984
2/26/10	10,485-10.0	20,569-21.3	27,227-28.1	16,045-16.5	11,840-12.1	10,589-12.0	96,755
2/25/11	15,609-10.1	40,709-26.3	28,564-31.4	21,220-13.7	15,087- 9.7	13,726- 8.8	154,915
3/5/10	9,052- 9.5	23,958-25.3	30,105-31.8	14,657-15.5	8,052- 8.5	8,748- 9.2	94,572
3/4/11	13,749-11.5	25,496-21.5	39,910-33.6	16,676-15.0	13,164-11.1	9,862- 8.3	118,857

Section 3. Evidence of readjustment of live-stock pool on liquidation of National Packing Co.

During the years 1903 to 1911, through the National Packing Co. and through the live-stock pool, the packers dominated the industry. Through the live-stock pool, all five packers were able to exercise a general control over the purchase of their raw material and a resulting control of the sale of their products. Through the National Packing Co., three of the packers, Armour, Swift, and Morris, were enabled to manage their businesses for competitive purposes as though they were a single corporation.

Thus, when the National Packing Co. was liquidated in July to August, 1912, the necessity for elaborate instruments of combination had largely disappeared. A large number of companies which had been aggressively competitive during the nineties as well as some companies which had been formed later, specifically for the purpose of "fighting the trust," had been absorbed by the National Packing Co. and had been distributed among the Armour, Swift, and Morris companies when the liquidation took place. Also, the close association of the principal companies for 25 years in the various pools, agreements, and combinations had habituated their officers and employees to concerted action.

READJUSTMENT OF LIVE-STOCK PURCHASE PERCENTAGES.—The significant memorandum set out below connects the combinations of the National Packing Co. period and the present time. It gives the

live-stock purchase percentages during the period of transition, and shows the basic percentages adopted as a result of the readjustments which followed the liquidation of the National Packing Co. and the distribution of its properties among the Armour, Swift, and Morris companies. This memorandum, found in the office of Swift & Co., follows:

MEMO.

CATTLE.

	1910	1911	1912	1913	1910, arbitrary.
1	22.11	21.70	24.11	27.13	27.43
2	27.74	27.28	30.61	34.13	34.08
3	14.70	15.27	16.89	17.72	17.59
4	11.63	11.91	12.43	11.84	11.73
5	14.26	14.11	6.91	....	....
6	9.56	9.73	9.06	9.18	9.17
	100.00	100.00	100.00	100.00	100.00

SHEEP.

	1910	1911	1912	1913	1910, arbitrary.
1	24.20	24.17	26.01	29.09	29.00
2	33.35	33.39	35.52	38.90	38.72
3	12.36	12.44	13.34	13.94	14.56
4	8.15	9.10	9.08	8.20	8.08
5	11.62	10.50	5.35	....	....
6	9.72	10.40	10.70	9.87	9.64
	100.00	100.00	100.00	100.00	100.00

NOTE BY COMMISSION: In the above memo the numerals in the first column are identified hereafter (see p. —) to represent packing companies as follows:

1. Armour & Co.
2. Swift & Co.
3. Morris & Co.
4. Sulzberger & Sons Co.
5. National Packing Co.
6. Cudahy Packing Co.

The last column of the memorandum, headed "1910 Arbitrary," as is shown by other evidence, contains the percentages used for the conduct of the live-stock pool as a result of the readjustments which followed the liquidation of the National Packing Co.

EVIDENCE FROM "BLACK BOOK" MEMORANDA.—That the "1910 arbitrary" figures were in fact used by the packers as the basis of their live-stock pool from 1913 on, is confirmed by memoranda written by one of the members of the combination, telling in detail of negotiations by which agreements were made. These memoranda, covering the period from January 29, 1913, to January 19, 1916, were written by Germon F. Sulzberger, then vice president of Sulzberger & Sons Co., as soon as possible after he left the meetings, as minutes for his

own guidance, and therefore covered particularly the phases of the agreements in which his company was especially interested. When discovered by the Commission's agents in the files of G. F. Sulzberger, the memoranda were contained in a black leather binder, stamped in gold on the cover "G. Sulzberger," and for convenience are hereafter referred to as the "Black Book."

As a rule, the important parties in these negotiations were designoted by code symbols. The translation of the coded names in the Black Book is stated by G. F. Sulzberger, and is corroborated by internal evidence, to be as follows:

"Sanford"—J. Ogden Armour, or the Armour interest.

"H"—The Swift interest or one of the Swift brothers.

"Klee"—The Morris interest, represented at this period by Thomas E. Wilson, president.

"Williams"—Arthur Meeker, vice president of Armour & Co.

A memorandum in the Black Book of a "Meeting held with Sanford (Armour), at his office, January 29th, 1913, 3:15 p. m.," shows that the "arbitrary" adjustment of live-stock purchase percentages (to meet the new conditions created by the liquidation of the National Packing Co.) had been made prior to the date of the memorandum, and was then in effect:

MEETING HELD WITH SANFORD [ARMOUR] AT HIS OFFICE, JANUARY 29TH, 1913, 3:15 P. M.

* * * * * * *

He [Armour] gave me the following figures on which he commented the showings on hogs: I explained to him that nothing had been taken into consideration for "O" [Oklahoma City] and that this should have been. This seemed to relieve his mind. I explained to him what I proposed, personally, doing without going into any detail, nor did he show any interest to raise any inquiries as to any of the detail.

I asked his opinion as to the future prospects and whether I was warranted in assuming these obligations and he spoke rather discouragingly and said that he, himself, surely would not take on anything more. However, that he would be glad to see me do this as he knew he could get along.

Total live-stock purchases.

HOGS.

	4 weeks ending 1/25/13.	%	1910
Armour	478,400	32.26	32.02
Swift	532,887	35.93	36.54
Morris	194,152	13.09	13.28
S. & S.	123,533	8.33	6.85
Cudahy	154,086	10.39	11.30

CATTLE.

Armour	110,005	26.60	[1] 27.43
Swift	139,090	33.63	34.08
Morris	72,957	17.64	17.59
S. & S.	53,415	12.92	11.73
Cudahy	38,083	9.21	9.17

SHEEP.

Armour	226,333	29.39	[2] 29.50
Swift	290,348	37.71	38.72
Morris	101,676	13.21	14.56
S. & S.	65,939	8.56	[2] 8.06
Cudahy	85,710	11.13	9.64

CALVES.

Armour	19,289	27.14	28.53
Swift	32,021	45.06	41.85
Morris	10,295	14.49	15.27
S. & S.	4,867	6.85	5.25
Cudahy	4,588	6.46	7.10

[1] These percentages for cattle identify the numeral key in the memorandum on p. 35.
[2] Sulzberger evidently made an error in transcribing these figures. The percentage for Armour should be 29, and the percentage for S. & S. 8.08, as explained in the text.

NOTE.—Hogs include all packers' points, Fort Dodge and Sioux City.
Cattle includes everything West and New York.
Sheep includes everything West without New York.
Calves include everything West without New York.

It will be noted that in the figures given Sulzberger by Armour showing actual purchases by each of the Big Five during the four weeks ending January 25, 1913, the basis of comparison used is the same set of "arbitrary 1910" figures shown in the preceding memorandum (p. 35). These figures given Sulzberger by Armour show also the basic percentages for hogs and calves. Germon Sulzberger apparently made certain errors in transcribing the figures for sheep as the percentages for Armour and Sulzberger & Sons differ slightly from those of the preceding memorandum. That the error was Sulzberger's is evidenced by the fact that while the sheep percentages in the first memorandum total 100 per cent those of Sulzberger do not.

The following explanation is necessary to an understanding of Armour's "comment on the showings on hogs." The 1910 figures are the "1910 arbitrary" percentages, as shown on p. 35, which were

adopted by the combination as the basis for division of purchases following the liquidation of the National Packing Co. Armour sees that Sulzberger & Sons Co. is allowed on the 1910 basis only 6.85 per cent of the hogs, but during the four weeks has actually purchased 8.33 per cent. So he "comments on the showings." Sulzberger replies that "nothing had been taken into consideration" (in fixing the 1910 basis) "for O," meaning Oklahoma City, where in October, 1911, Sulzberger & Sons Co. began buying and packing operations, and where, according to figures taken from Swift & Co., Sulzberger & Sons Co. during the year 1913 bought 155,770 hogs, while Morris purchased 155,752 there, or a difference of only 18.

Other memoranda from the Black Book are quoted in later sections of this part of the report. The complete text of the Black Book is appended as Exhibit 1.

EVIDENCE FROM CUDAHY PACKING CO.'S FILES.—The following letters from the files of E. A. Cudahy, president of the Cudahy Packing Co.—one dated May 16, 1912, shortly before the liquidation of the National Packing Co., the other dated November 9, 1912, after the liquidation but before the readjusted percentages had been agreed upon—indicate the effort of Cudahy during this period to maintain his position at Omaha and to buy his "full share" of hogs in all his buying markets:

MAY 16, 1912.

Mr. M. R. MURPHY,
South Omaha, Neb.

DEAR SIR:—

I am in receipt of your letter of the 15 inst., and note what you say about the hog buy, and also the quality of the hogs. Sometimes I am a little afraid that Allen gets the worst of it on the market. When he holds off he holds a little too long, and if he is nervous about getting his number he gets in too soon.

In regard to our position on the market—the trouble is that there ought to be about 105% to satisfy everybody, but all we are entitled to is 30%, and I think we will have to maintain this percentage, even if it is not satisfactory to the others. I don't want to be too aggressive on the market, but at the same time we cannot afford to slide back. I expect our Omaha market will be badly upset whenever there is a division of the National Packing Co.'s houses, because I think Morris will get the Hammond House,[1] and he will figure he is entitled to just as many hogs as any of the other packers.

* * * * * * *[2]

Yours truly,

---

[1] Morris subsequently did get the Hammond plant at Omaha.

[2] The remainder of this letter, which is omitted, dealt with technical questions relating to the manufacture of Old Dutch Cleanser and had no bearing on the subject of this investigation.

Nov. 9, 1912.

Mr. M. R. Murphy,
South Omaha, Nebr.

Dear Sir:

In regard to our policy on buying hogs in the future, I don't see anything for us to do only to maintain our position in all the markets we are in. No doubt it will get Omaha out of line, and when it gets too high compared with the other markets we can let up and buy hogs in St. Joseph and ship them to Kansas City. So, commencing Monday morning we want to buy our full share of the hogs in all the markets we are represented in. We will have to do it right along for some time in order to reestablish ourselves.

Yours, truly,

Section 4. Evidence of present operation of live-stock pool.

Before considering the detailed evidence relating to the present operations of the packers' combination for the control of the live-stock markets, it is desirable to examine briefly the proportion of the live stock purchased by the Big Five at the various markets as an indication of the extent of their domination, and also to study the principal features of the centralized buying system of the five companies which provides the machinery by which the agreements are made effective.

Extent and influence of purchases under pooling agreement.—The live-stock purchasing agreements of the Big Five, whereby each packer is permitted to buy only a certain stipulated proportion of the animals offered for sale, cover practically every important buying center in the country.

In 1916, according to figures found in the files of Swift & Co., 37,200,588 cattle, calves, sheep, and hogs were purchased on the percentage basis. This number of animals, according to the returns of interstate slaughterers to the Commission, was 57.8 per cent of all cattle, calves, hogs, and sheep sold to all interstate slaughterers in the entire country, and was 83.7 per cent of the total number sold to the Big Five that year.

The packers, however, purchase in the leading markets, where live-stock prices are determined for the rest of the country, a greater proportion of the receipts than they purchase in the country as a whole. Thus their commanding position is emphasized, as is shown by the table following.

Interstate slaughterers—Big Five proportion of slaughter in 12 important packing centers, by kinds of animals: 1916, calendar year.

Packing center.	Slaughterers.	Cattle.		Calves.		Sheep.		Swine.		Total.	
		Head slaughtered.	Per cent.	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.	Head slaughtered.	Per cent.
Chicago	Big Five	1,697,425	87.1	400,748	93.6	3,353,700	96.5	5,212,036	67.3	10,663,909	78.5
	All other	252,310	12.9	27,324	6.4	121,936	3.5	2,524,942	32.7	2,926,512	21.5
	Total interstate slaughterers	1,949,735	100.0	428,072	100.0	3,475,636	100.0	7,736,978	100.0	13,590,421	100.0
Kansas City	Big Five	1,164,643	99.6	154,383	99.3	1,290,053	99.8	3,140,255	98.6	5,749,334	99.1
	All other	5,015	.4	1,058	.7	2,734	.2	43,517	1.4	52,324	.9
	Total interstate slaughterers	1,169,658	100.0	155,441	100.0	1,292,787	100.0	3,183,772	100.0	5,801,658	100.0
Omaha	Big Five	806,863	100.0	34,457	100.0	1,935,421	100.0	2,387,935	100.0	5,164,676	100.0
	All other	(1)	....	(1)	....	(1)	....	(1)	....	(1)	....
	Total interstate slaughterers	806,863	100.0	34,457	100.0	1,935,421	100.0	2,387,935	100.0	5,164,676	100.0
St. Louis	Big Five	619,734	89.2	189,562	95.3	568,476	97.8	1,920,189	64.2	3,297,961	73.8
	All other	74,981	10.8	9,286	4.7	12,853	2.2	1,072,285	35.8	1,169,405	26.2
	Total interstate slaughterers	694,715	100.0	198,848	100.0	581,329	100.0	2,992,474	100.0	4,467,366	100.0
New York City	Big Five	400,420	97.7	115,953	50.7	612,604	59.9	(2)	....	1,128,977	49.9
	All other	9,497	2.3	112,975	49.3	409,411	40.1	602,500	100.0	1,134,383	50.1
	Total interstate slaughterers	409,917	100.0	228,928	100.0	1,022,015	100.0	602,500	100.0	2,263,360	100.0
St. Joseph	Big Five	310,028	99.4	24,336	97.2	604,728	100.0	2,097,848	99.8	3,036,940	99.8
	All other	1,820	.6	700	2.8	100	(2)	3,900	.2	6,520	.2
	Total interstate slaughterers	311,848	100.0	25,036	100.0	604,828	100.0	2,101,748	100.0	3,043,460	100.0
Fort Worth	Big Five	364,014	100.0	148,763	100.0	176,508	100.0	859,347	100.0	1,548,632	100.0
	All other	(1)	....	(1)	....	(1)	....	(1)	....	(1)	....
	Total interstate slaughterers	364,014	100.0	148,763	100.0	176,508	100.0	859,347	100.0	1,548,632	100.
St. Paul	Big Five	230,452	100.0	120,763	99.9	142,401	99.9	1,502,835	93.4	1,996,451	94.9
	All other	(2)	....	148	.1	118	.1	106,457	6.6	106,723	5.1
	Total interstate slaughterers	230,452	100.0	120,911	100.0	142,519	100.0	1,609,292	100.0	2,103,174	100.0

Sioux City	Big Five	203,482	....	11,769	100.0	204,387	100.0	1,273,890	....	1,698,528	....
	All other	(4)	....	(5)	....	(6)	....	(4)	....	....	....
	Total interstate slaughterers	(4)	....	11,769	100.0	204,387	100.0	(4)	....	1,698,528	....
Oklahoma City	Big Five	174,541	100.0	43,921	100.0	69,455	100.0	729,773	100.0	1,017,690	100.0
	All other	(1)	....	(1)	....	(1)	....	(1)	....	(1)	....
	Total interstate slaughterers	174,541	100.0	43,921	100.0	69,455	100.0	729,773	100.0	1,017,690	100.0
Denver	Big Five	58,058	100.0	4,111	100.0	46,216	100.0	365,016	100.0	473,401	100.0
	All other	(1)	....	(1)	....	(1)	....	(1)	....	(1)	....
	Total interstate slaughterers	58,058	100.0	4,111	100.0	46,216	100.0	365,016	100.0	473,401	100.0
Wichita	Big Five	52,038	77.8	8,385	79.1	1,610	87.4	279,652	50.2	341,685	53.7
	All other	14,819	22.2	2,212	20.9	232	12.6	277,556	49.8	294,819	46.3
	Total interstate slaughterers	66,857	100.1	10,597	100.0	1,842	100.0	557,208	100.0	636,504	100.0
Total, 12 centers	Big Five	6,081,698	94.4	1,257,151	89.1	9,005,559	94.3	19,768,776	81.0	36,113,184	86.4
	All other	358,442	5.6	153,703	10.9	547,384	5.7	4,631,157	19.0	5,690,686	13.6
	Total interstate slaughterers	6,440,140	100.0	1,410,854	100.0	9,552,943	100.0	24,399,923	100.0	41,803,870	100.0

[1] No plant.
[2] Plant—no slaughtering.
[3] Less than one-tenth of 1 per cent.
[4] One small plant did not report number slaughtered.
[5] Included in beef.
[6] Practically none. Not reported separately.

Centralized buying system.—Buying policies and instructions originate in Chicago. Although the Cudahy Packing Co. has no slaughtering plant at Chicago and buys practically no cattle there, nevertheless that company like the others issues its buying instructions from there. Each big packer employs a "head buyer" for each of the different kinds of animals purchased—cattle, hogs, sheep, and calves. These head buyers for Armour & Co., Swift & Co., Morris & Co., and Wilson & Co., Inc., maintain their general buying offices in or adjoining the Live Stock Exchange Building at Chicago. After early morning conferences with the different executive officials of their respective companies the head buyers issue instructions and throughout the day direct the buying of live stock at Chicago and every other market in the country where these packers make purchases, except the Pacific coast.

The head buyers throughout the day keep closely in touch with certain head officials in their companies in order to be informed as to what changes in the buying program may be made from hour to hour and also to report conditions on the various markets. These head buyers at Chicago also keep in constant touch with their assistants on the Chicago market and their local head buyers at all the other markets in which they operate.

An elaborate system of private telegraph wires—with several thousand messages sent and received each day—enables the Chicago packers to maintain close contact with market activities at other centers. This private-wire service, supplemented by a larger use of the telephone and of yard messengers at all markets, facilitates complete centralized control.

This centralized buying system reaching even to the minutest detail, covers every market and country buying station where the big packers make purchases, except the Pacific coast. In California and on other parts of the western coast the big packers do considerable country buying, or buy directly at their plants as at Los Angeles and San Francisco. This buying is directed locally.

Many cattle and hog buyers of the big packers were examined regarding the buying methods of their companies. All said that they were compelled to make their purchases in line with instructions from Chicago. Each said that these instructions usually prescribed the number of animals to be purchased each day.

Several said that they were compelled to make their purchases not necessarily in accord with the needs of their local plants, but under Chicago instructions. Buying instructions must be obeyed, all agreed. The head buyers at Chicago admitted this. James Brown, head cattle buyer for Armour & Co., was asked by a Commission examiner as to how far his cattle buyers on other markets might be permitted to use their own judgment in the matter of pur-

chasing more cattle than instructed by him to buy, providing these buyers saw an opportunity to make additional profitable purchases. To this question Brown made this reply: "We do not pay these buyers to think, we pay them to obey instructions."

Although the centralized buying system of the Big Five covers thus minutely and rigidly all the details of the buying on all the markets, it should be understood that the determination of the general buying policy for each of the packers is so simple that it can be communicated by a word or a sign. All that the general head buyers of the Armour, Swift, Morris, Wilson, or Cudahy companies need to be told to control their policies for the day is one or two words—"Steady," meaning, buy at the prices paid for the different grades of live stock on the previous day; "Ten lower" or "Ten higher," meaning, buy 10 cents per hundredweight below or above the previous day's quotations. On the basis of such general directions all the minutia of the buying at each of the markets are worked out by the head buyer.

The head buyer knows what his "share" is at each of the markets, and unless otherwise directed by the executive official of his company, will buy his percentage as nearly as he may without putting any of the markets "out of line"; that is, out of relation with the price level of other markets.

But even with his central buying policy thus simply determined the task of the head buyer is extremely complex. He must take into account the different kinds and grades of live stock required on that day by each of the packing plants, must change his plans quickly to offset the uncontrollable actions of small packers, order buyers and speculators, and must above all so manage his buying as not to put the prices on any of the markets "out of line." It is these detailed problems which demand constant intercommunication between the Chicago office and the buyers at the different markets and require the sending of thousands of telegrams each day during the few hours in which the markets are open.

At the different markets there is a similar centralization so far as the large packers are concerned. The offices of the head buyers of such of the big packers as are represented at each of the principal markets are in the same building and ordinarily adjoining. The buyers for the big packers customarily go out into the yards and begin buying at the same time, whether it is at the opening of the market, or one, two, or even three hours late. If one holds off the market, all hold off, although the small packers, traders, or order buyers may have started to make their purchases at the opening of the market. So strong is the influence of the big packers' buying that the market is not "made" until their buyers begin bidding.

There exists, therefore, for each of the big packers a centralized buying system so simply contrived and organized that it controls

the smallest details of live-stock purchases at each of the markets and can be set in motion and directed by a single word.

This constitutes a situation in which a control of the buying policies of all of the large packers may be effectuated, and only a few men in each company need know that there is an agreement or understanding.

EVIDENCE FROM PACKER BUYERS.—Under such conditions it is not remarkable that employees who have been with the packers for years, and believe that there is a combination, are unable to tell how it is managed, although they can give concrete illustrations of its workings.

Following is what was said by one of the buyers at a western market, and is typical:

> As head of the * * *[1] buying department, I got all of my orders direct from Chicago. I then divided the buying orders among my assistants. These orders came early each morning. All other packers got their orders too from Chicago. These orders related particularly to prices at which we could buy * * * [1]. We were not usually limited as to the number of * * * [1] we could buy until later in the day, about noon. We had estimates and receipts, but those estimates were not accurate. All through the morning we would wire Chicago what we had bought and what was in or to be in that day. About noon we would get final orders to buy so many more at a certain price. I couldn't prove it, but it did look awfully much as though the packers got together and divided up the total receipts for the day.

Another cattle buyer said to an examiner of the Commission:

> The five big packers make the market. All buying orders come from Chicago. We are not allowed to buy more than instructed to buy. I was never allowed to go over my order—not even 25 cattle. If I did I got the dickens. Sometimes I would go to the boss and ask if I could buy a certain load cheap. He would reply, "No."
>
> On a fast market Cudahy was allowed to buy about 10 per cent of the total receipts of cattle, no matter what the demands of the Cudahy plant were.
>
> The buyers here all buy same way, same spirit—all buy strong or weak together. At times all five buyers ride into the yards like a bunch of wild Indians and when one slows up they all slow up. All together they work to make the market dead or alive.
>
> No matter what the beef market is, if these five buyers here lay down, the market is affected.
>
> The competition among the five packers here is not very strong. There is competition at times, but it is within bounds. There is some rivalry to get certain bunches to fill our orders.
>
> Sometimes our orders are changed during the day and we are instructed to buy more or less than we were ordered to buy in

[1] Kind of animal withheld by Commission to avoid identification of informant.

the morning. This is on account of the actual receipts being more or less than estimated.

PACKER EXCHANGE OF INFORMATION.—Another important activity the big packers that has a direct bearing on their combination in viding live-stock receipts, is their method of keeping a complete cord of all one another's live-stock purchases and shipments. Each g packer keeps a record of all purchases of every other big packer every part of the country. These figures, reported and compiled ily, form a basis for determining whether any packer has bought ore or less than his percentage of animals.

On most of the markets where investigation along this line was ade, it was found that each big packer gets the records of the purases and shipments of the other big packers from three sources—rom his own buyers, from the other packers, and from the stockards companies.

Swift & Co., in response to an inquiry of the Commission, discloses his:

"Statement showing how we obtain record of live-stock purchases of other packers.

Plants	Information secured by—	Informations secured from—
Chicago	Stanley James Ed. Ingerson Harvey Wise Gideon Broberg Jerry Ingerson Chas. Lee Art. Nootbar Fred Torbeck	Competitors
Kansas City	Joseph Gibbs Richard Gibbons T. A. Brock Sam Richardson	Competitors
Omaha	Ernest Aldren Verne Campbell Hugh Brainard	Competitors
E. St. Louis	Jas. Yates H. C. Hull S. T. Berry Ferdinand Eiskant	Competitors
So. St. Joseph	Palmer Flournoy Basil Hoehn Harry Hempey	Competitors
So. St. Paul	W. Rutherford	Stock Yds. Company
Forth Worth	Roy Weeman	Competitors
Plankinton Pkg. Co.	H. Morisette W. A. Grittinger H. Kenngott	Scale offices at stock yds.
Denver	M. C. Welsh	Stock Yards Company
Sioux City	Thos.Rogers M. J. Simmons	Competitors"

A study was made of how the packers secure market and shipping information at Kansas City. There it was brought out that the Big Five jointly employ two men to gather market information. This arrangement has been operating at Kansas City for many years. Not only were these agents of the five companies required to report "estimated receipts" and all live-stock purchases, but they were required to secure from the stockyard company's records early each morning between 5 and 6 o'clock, a list of all shipments made on the day before to the other markets. This information was used by the big packers, according to two buyers at Kansas City, as a basis for "wiring on"; that is, following shipments to a second market.

At the time the investigation of this matter was made in Kansas City, these two employees of the combination were being paid by Wilson & Co., Inc. Wilson & Co., Inc., in turn prorated this semi-monthly salary expense among the other packers on the basis of their live-stock purchase percentages.

Uniformity of live-stock purchase percentages.—From the information thus jointly procured, each of the Big Five maintain a check on the operations of the other four parties to the combination. At the end of the day each packing company knows how far its own buyers have followed the instructions of the central buying office, and has approximate knowledge how far the other companies have exceeded or fallen below their allotted percentages.

Obstacles in way of exact uniformity.—It is not expected that each packer will purchase each day his exact percentage of the live stock. Such daily uniformity could hardly be accomplished even if it were desirable from the standpoint of the packers. Thousands of animals are pouring into each market, the buying must all be accomplished within the space of a few hours, and all plans and instructions are liable, to a limited extent, to be interfered with by the uncontrolled actions of the independent buyers and speculators and by the unpredictable decisions of the live-stock men as to whether they will sell at the price offered or hold over on the chance of a better market next day.

Moreover, the individual interests of the big packers are themselves conflicting and they sometimes are temporarily at outs with one another. These percentages are at once an advantage and an obligation. When there is so light a run of stock that the capacity of all packing plants at a given market can not be supplied, it is of advantage to each packer to be assured that he will have a fair and agreed proportion of the short supply and that demand for live stock will be so checked that the market will be "kept in line," i. e., prices will not be bid up.

In order to enjoy the advantage of a quota on a short market, each packer is expected by the others to "support" an oversupplied

market; that is, each is required to take his proportionate share, whether he needs it or not, and so share in the burden.

The financial interest of individual packers or of the companies in different stockyards—in some cases being interested in stockyards where they have no plants or in plants where they have little or no investment in the yards—is an occasional cause of friction. A packer heavily interested in a stockyards company, as Swift, for example, in St. Joseph, or Morris in Kansas City, desires to have that market "supported" in order to keep the shippers sending their live stock to it.

It is, however, an important object to the packers collectively to keep all the various markets "in line" as to prices, because having any market out of line makes it harder to control the trade. With infrequent exceptions, therefore, the weekly returns of purchases for all markets tend largely to absorb any divergence of daily purchases from the agreed percentages, and each packer's yearly purchases are almost identical in percentage from year to year.

Minor readjustments of percentages in local markets or in particular phases of the live-stock buying appear to be made from time to time. Evidence that meetings were held by the packers to discuss such readjustments is indicated in the letter of Paul D. Cravath to Henry Veeder, quoted above,[1] and memoranda by Germon Sulzberger in the Black Book give details, which are cited later, of meetings for this purpose. These minor readjustments affect slightly the yearly totals; and in particular a readjustment giving Sulzberger, from 1913 on, a somewhat larger proportion of hogs and sheep than was awarded him in the "1910 arbitrary" percentages is indicated by the actual purchase figures, his increase in sheep being chiefly at the expense of Morris's percentage.

Use of purchase statistics to packers.—Each packer can compile from the daily records a weekly comparison of his own purchases with those of the other members of the combination.

It is significant that these weekly records are compiled in two forms, one showing the total number and the percentage of animals purchased on the market, including purchases by the Big Five, by small packers, butchers, order buyers, and speculators; the other showing only the number and percentage of animals purchased by the Big Five. The competitive business man wants to know currently what percentage of the total animals sent to market were purchased by his company and by each of his competitors; and the members of this combination, in their capacity as competitors of the independents, use the first form of compilation to keep a line on the purchases of independents. The first form also gives the

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[1] P. 31.

end of the year a close approximation to the agreed divisio secured:

CATTLE—1916.

Week ending—	Percentages for week.					Percentages—year to date.				
	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Swift.	Armour.	Morris.	Wilson.	Cu
Jan. 8	34.73	28.07	17.54	10.67	8.99	34.[illegible]	28.07	17.54	10.67	
15	34.91	27.49	17.69	11.39	8.52	34.82	27.77	17.62	11.04	
22	33.92	28.18	17.46	11.98	8.46	[illegible].51	27.91	[illegible]	11.37	
29	35.01	28.03	18.07	11.14	7.75	34.62	27.94	17.68	11.32	
Feb. 5	34.37	27.08	18.04	10.67	9.84	34.57	27.80	17.74	11.22	
[illegible]	36.[illegible]	27.64	18.00	8.63	9.34	34.85	27.80	17.79	10.78	
19	34.63	27.17	18.24	10.67	9.09	34.[illegible]	27.73	17.84	10.76	
26	35.01	27.17	18.16	10.95	8.71	34.87	27.66	17.88	10.78	
Mar. 4	34.06	27.17	[illegible]	10.55	8.90	34.79	27.62	18.01	10.76	
11	34.42	28.26	18.29	10.14	8.89	34.76	27.68	18.04	10.70	
18	34.78	27.76	18.17	10.06	9.23	34.76	27.68	18.05	10.65	
25	33.41	28.51	18.02	10.04	10.02	[illegible].65	27.75	18.05	10.60	
Apr. 1	34.70	25.64	18.41	11.45	9.90	34.66	27.59	18.07	10.67	
8	34.56	27.61	17.68	11.84	8.31	34.65	27.59	18.07	10.72	
15	33.90	26.41	18.33	10.77	10.59	34.60	27.52	18.09	10.72	
22	33.67	26.[illegible]	17.39	11.30	10.71	34.55	27.46	18.05	10.76	
29	32.41	27.[illegible]	17.68	11.02	11.17	34.43	27.60	18.03	10.77	
May 6	33.35	26.20	17.19	11.52	11.76	34.37	27.44	17.99	10.81	
13	34.57	26.43	18.03	11.60	9.37	34.39	27.39	17.99	10.84	
20	33.21	27.00	17.85	11.78	10.16	34.33	27.37	17.96	10.89	
27	34.86	26.75	17.21	10.[illegible]	10.34	34.36	27.34	17.94	10.89	
June 3	35.94	27.60	16.90	10.52	9.04	34.34	[illegible].35	17.99	10.87	
10	33.21	28.06	[illegible]	11.39	9.43	34.28	27.39	17.98	10.90	
17	34.27	27.[illegible]	17.91	12.42	8.37	34.28	[illegible].37	17.98	10.97	
24	34.16	26.96	18.18	11.41	9.29	34.27	27.[illegible]	17.99	[illegible]	
July 1	33.68	26.66	18.36	11.04	10.06	34.25	27.33	18.01	10.99	
8	34.85	26.17	17.46	12.[illegible]	9.04	34.28	27.29	17.99	11.04	
15	33.65	26.75	17.73	12.03	9.64	[illegible].[illegible]	[illegible].26	17.98	11.09	
22	32.61	26.13	18.61	12.58	10.07	34.20	27.22	18.00	11.14	
[illegible]	33.05	24.92	18.33	13.58	10.12	34.15	[illegible].15	18.01	11.22	
Aug. 5	32.60	26.86	17.90	12.04	10.60	34.10	27.14	18.01	11.25	
12	33.02	25.58	18.18	13.02	10.20	34.06	27.08	18.01	11.32	
19	34.00	27.28	16.95	11.23	10.54	34.05	27.09	[illegible]	11.31	
26	34.04	26.34	17.69	11.49	10.44	34.06	27.06	17.96	11.32	
Sept. 2	34.61	27.57	18.28	11.03	8.51	34.06	27.08	17.98	11.31	
9	33.26	26.55	17.88	11.87	10.44	34.05	27.06	17.97	11.33	
16	34.71	27.14	17.36	11.18	9.61	34.07	27.07	17.95	11.32	
23	35.31	26.63	17.76	11.02	9.28	34.13	27.05	17.94	11.31	
30	35.38	27.15	16.42	10.56	10.49	34.17	[illegible].05	17.89	11.28	
Oct. 7	34.61	27.12	17.38	11.12	9.77	34.18	27.06	17.87	11.28	
14	36.10	26.37	17.15	9.91	10.47	34.26	27.03	17.84	11.22	
[illegible]	35.04	27.03	17.95	10.04	9.94	34.29	27.04	17.83	11.16	
28	35.41	27.49	17.37	9.67	9.86	34.32	27.05	17.83	11.13	
Nov. 4	[illegible].24	26.35	18.24	10.54	10.63	34.33	27.02	17.84	11.11	
11	34.59	28.13	17.86	11.33	8.09	34.34	27.05	17.84	11.12	
18	35.76	25.95	18.53	9.62	10.14	34.38	27.07	17.87	11.06	
25	36.01	27.52	16.87	10.55	9.05	34.45	27.03	17.88	11.04	
Dec. [illegible]	33.77	28.71	18.13	9.69	9.70	34.42	27.08	17.84	11.01	
[illegible]	35.59	27.89	17.62	10.74	8.16	34.46	27.10	17.83	11.00	
16	35.89	26.48	18.78	9.67	9.18	34.50	27.08	17.86	10.96	
23	37.36	25.76	17.74	10.05	9.09	34.57	[illegible].05	17.86	10.94	
30	36.13	26.90	17.77	10.96	8.24	34.58	27.05	17.86	10.94	

Facing page 50 is a diagram of the foregoing comparative st ment, which shows the steadiness of the percentages in the fac marked variations in the total purchases of cattle by the five pac in the same period.

The smallest number of cattle purchased by the five big compa during any week in 1916 was 62,006; the largest, 190,686. W this variation in the number of animals purchased, the mainten of such percentage uniformity could not be expected without ag ment.

Each of the big packers maintains his relative percentage in the purchase of live stock at the different markets fairly constantly even from week to week, more constantly from month to month, and almost exactly from year to year. The weekly tables in Exhibit 2, attached, show how nearly each maintains his percentage of purchases at the different large markets in the United States. It will be noted from the "Year to date" columns of these tables that the percentage of purchases by each packer on the whole tends to approach, each succeeding week, more nearly to the standard yearly percentage, and by the last week of the year that percentage is reached almost exactly.

Following is a copy of a hog purchase sheet from Swift & Co.'s office for the week ending December 29, 1917, which covers the leading markets. The sheet covers not only the week ending December 29, 1917, but the year 1917, to that date (i. e., the complete year 1917), with comparative figures for the corresponding week of 1916, and for the complete year of 1916. The sheet is explained on page 56.

Hog purchases, week ending Dec. 29, 1917.

CHICAGO.

	Percentages.								Number head.			
	B & S out.				B & S in.							
	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.
Swift P-19589 S-45 (not inc. 131 Lville)	21.83	21.60	22.90	22.90					19,634	688,980	912,113	912,113
Armour P-22537 S-239 (not inc. 3344 St. P.)	25.32	21.94	21.63	21.63					22,776	699,941	861,442	861,442
Morris	17.56	14.94	14.85	14.85					15,797	476,517	591,421	591,421
Hammond	10.18	13.14	12.48	12.48					9,161	419,169	496,980	496,980
Anglo	8.10	10.67	11.71	11.71					7,184	340,508	466,420	466,420
Wilson & Co	17.01	17.71	16.43	16.43					15,298	564,982	654,161	654,161
	100.00	100.00	100.00	100.00					89,950	3,190,097	3,982,537	3,982,537

KANSAS CITY.

	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.
Swift P-3802 S-211	20.93	19.91	20.40	20.40	15.91	15.82	16.43	16.43	4,013	331,192	455,648	455,648
Armour	28.08	24.04	25.28	25.28	21.34	19.11	20.37	20.37	5,388	400,016	564,754	564,754
Fowler (not inc. 5968 bot. at Mistletoe. To date 1917 249864. To date 1916 438505. Year 1916											438,505	438,505
Cudahy	17.87	15.54	15.20	15.20	13.58	12.35	12.25	12.25	3,426	258,598	339,595	339,595
Wilson & Co	20.36	21.12	19.03	19.03	15.47	16.78	15.33	15.33	3,904	351,317	425,060	425,060
Morris	12.76	19.39	20.09	20.09	9.70	15.41	16.18	16.18	2,447	322,584	448,700	448,700
	100.00	100.00	100.00	100.00					19,175	1,668,702	2,283,757	2,283,757
Ind							3.83	3.83			105,442	105,442
Shippers					16.67	12.35	11.33	11.33	4,207	268,972	314,098	314,098
Butchers					7.33	7.66	4.28	4.28	1,850	161,063	119,652	119,652
					100.00	100.00	100.00	100.00	25,232	2,098,737	2,772,944	2,772,944

SO. OMAHA.

Swift P-5621	24.61	24.92	24.80	24.80	21.42	19.00	20.12	20.12	5,639	520,940	617,569	617,569
Omaha	18.22	17.99	17.37	17.37	15.86	13.71	14.10	14.10	4,175	375,916	432,715	432,715
Cudahy	28.82	28.40	28.93	28.93	25.08	21.65	23.49	23.49	6,603	593,521	720,601	720,601
Armour	28.35	28.69	28.90	28.90	24.67	21.87	23.45	23.45	6,497	599,644	719,779	719,779
	100.00	100.00	100.00	100.00					22,914	2,090,021	2,490,664	2,490,664
Small packers						.17				4,566		
Shippers					12.97	23.60	18.83	18.83	3,415	646,788	577,920	577,920
City butchers							.01	.01			421	421
					100.00	100.00	100.00	100.00	26,329	2,741,375	3,069,005	3,069,005

E. ST. LOUIS.

Swift P-7370 (not inc. 2961 S. C.)	41.31	34.10	31.59	31.59	20.79	11.91	13.64	13.64	7,370	243,220	313,573	313,573
Morris	35.66	35.76	34.78	34.78	17.94	12.49	15.02	15.02	6,362	255,011	345,271	345,271
Armour	23.03	30.14	33.63	33.63	11.59	10.53	14.53	14.53	4,109	214,944	333,946	333,946
	100.00	100.00	100.00	100.00					17,841	713,175	992,790	992,790
Ind							1.59	1.59			36,542	36,542
Shippers					23.49	47.07	41.13	41.13	8,328	960,760	945,213	945,213
City butchers					14.57	10.39	9.01	9.01	5,167	212,193	207,157	207,157
Small packers					11.62	7.61	5.08	5.08	4,120	155,245	116,686	116,686
					100.00	100.00	100.00	100.00	35,456	2,041,373	2,298,388	2,298,388

ST. JOSEPH.

Swift P-10529 S-377	44.78	50.41	49.04	49.04	42.87	47.15	46.39	46.39	10,906	905,192	987,073	987,073
Morris	27.17	25.18	25.40	25.40	26.01	23.55	24.02	24.02	6,617	452,218	511,210	511,210
Hammond	28.05	24.41	25.56	25.56	26.86	22.82	24.18	24.18	6,833	438,187	514,461	514,461
	100.00	100.00	100.00	100.00					24,356	1,795,597	2,012,744	2,012,744
Small packers					4.26	6.48	5.41	5.41	1,084	124,307	115,175	115,175
					100.00	100.00	100.00	100.00	25,440	1,919,904	2,127,919	2,127,919

Hog purchases, week ending Dec. 29, 1917—Continued.

ST. PAUL.

	Percentages.								Number head.			
	B & S out.				B & S in.							
	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.
Swift P-11050	71.83	69.93	65.13	65.13	62.84	56.50	57.27	57.27	11,050	1,066,145	1,508,611	1,508,611
Armour	28.17	30.07	34.55	34.55	24.65	24.30	30.38	30.38	4,334	458,527	800,368	800,368
Morris			.32	.32			.28	.28			7,397	7,397
	100.00	100.00	100.00	100.00					15,384	1,524,672	2,316,376	2,316,376
Small packers					12.51	19.20	12.07	12.07	2,200	362,331	318,061	318,061
					100.00	100.00	100.00	100.00	17,584	1,887,003	2,634,437	2,634,437

SIOUX CITY.

	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.
Swift	11.00	17.81	15.24	15.24	9.28	14.38	12.38	12.38	2,099	302,690	257,240	257,240
Armour	45.27	40.35	42.71	42.71	38.21	32.57	34.68	34.68	8,638	685,635	720,862	720,862
Cudahy	43.73	41.65	41.88	41.88	36.90	33.60	34.01	34.01	8,343	707,628	706,784	706,784
Omaha		.07	.06	.06		.05	.04	.04		1,173	1,000	1,000
Fowler		.12				.10				2,017		
	100.00	100.00	100.00	100.00					19,080	1,699,143	1,687,772	1,687,772
Butchers					10.70	7.44	2.16	2.16	2,419	156,823	44,779	44,779
Small packers					4.91	11.86	16.64	16.64	1,110	249,462	345,764	345,764
					100.00	100.00	100.00	100.00	22,609	2,105,428	2,078,315	2,078,315

FT. WORTH.

	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.	This week.	1917 to date.	Year 1916.	1916 to date.
Swift P-1635 S-778	51.44	49.86	49.78	49.78	40.32	38.71	44.92	44.92	2,413	397,160	427,935	427,935
Armour P-1555 S-723	48.56	50.14	50.22	50.22	38.07	38.93	45.33	45.33	2,278	399,367	431,792	431,792
	100.00	100.00	100.00	100.00					4,691	796,527	859,727	859,727
Small packers					21.61	22.36	9.75	9.75	1,293	229,351	92,842	92,842
					100.00	100.00	100.00	100.00	5,984	1,025,878	952,569	952,569

OKLA. CITY.

Morris	49.77	49.77	52.06	52.06	....	....	52.06	52.06	1,600	258,561	376,625	376,625
Wilson & Co	50.23	50.23	47.94	47.94	....	....	47.94	47.94	1,615	260,942	346,879	346,879
	100.00	100.00	100.00	100.00	....	....	100.00	100.00	3,215	519,503	723,504	723,504

DENVER.

West. Pkg. Co	50.02	50.06	51.46	51.46	....	....	....	....	1,197	141,699	194,818	194,818
Col. " "	49.98	49.94	48.54	48.54	....	....	....	....	1,196	141,382	183,744	183,744
	100.00	100.00	100.00	100.00	....	....	....	....	2,393	283,081	378,562	378,562

TOTAL BUYING.

Swift	36.12	36.01	36.04	36.04	26.72	25.40	26.06	26.06	94,185	5,885,348	7,334,192	7,334,192
Armour	31.11	30.82	31.57	31.57	23.01	21.74	22.83	22.83	81,101	5,036,766	6,424,347	6,424,347
Morris	14.41	13.17	13.33	13.33	10.66	9.29	9.64	9.64	37,587	2,152,930	2,712,963	2,712,963
Wilson & Co	10.29	8.96	8.44	8.44	7.61	6.32	6.10	6.10	26,822	1,464,174	1,718,062	1,718,062
Cud	8.07	11.04	10.62	10.62	5.97	7.79	7.68	7.68	21,046	1,804,394	2,160,808	2,160,808
	100.00	100.00	100.00	100.00	....	....	....	....	260,741	16,343,612	20,350,372	20,350,372
Shippers	....	....	....	....	9.12	13.41	11.76	11.76	32,153	3,106,741	3,308,461	3,308,461
Feeders & B	....	....	....	....	2.49	1.97	1.23	1.23	8,772	455,922	347,258	347,258
Small packers	....	....	....	....	14.42	14.08	14.70	14.70	50,837	3,262,889	4,135,500	4,135,500
					100.00	100.00	100.00	100.00	352,503	23,169,164	28,141,591	28,141,591
Omaha Pkg. Co	....	....	....	....	....	....	....	....	9,346	265,549	335,739	335,739
Plankinton	....	....	....	....	....	....	....	....	6,276	350,264	466,081	466,081
St. L. D. B. Co	....	....	....	....	....	....	....	....	4,151	204,698	329,054	329,054
Cud	....	....	....	....	....	....	....	....	2,674	203,982	281,339	281,339
Coffin	....	....	....	....	....	....	....	....	547	15,830	15,830	35,318

Packers 92757 Shippers 1428.
Increase over week ending Dec. 22, 28968 hd.
TOTAL BUYING includes:
Swift, Louisville, Omaha Pkg. Co. Plankinton, Milw., St. L. D. B. Co. Direct.
Armour, Peoria, Louisville, Fowler, Hammond, St. Joe, Anglo, Chicago.
Morris. Omaha, Neb., Cudahy, Wichita, Wilson & Co. Sioux Falls.
Packers direct shipment not included in receipt or percentage of plants to which hogs were shipped.

The foregoing pages copy exactly the hog purchase sheet from Swift & Co.'s office for the week ending December 29, 1917, covering the leading markets. This sheet exemplifies both the first and second forms of compilation referred to (p. 47), four columns of percentages showing solely the relation of the purchases of the Big Five to one another, four other columns giving percentages of the grand total, including purchases by small packers, butchers, shippers, feeders, and buyers.

It is at once a business view of the competition from independent slaughterers, shippers, and feeders, and a check on the adherence to the agreement by the five members of the combination.

This sheet gives a definition of what purchases by the Big Five are included in the percentage agreement. It shows that the week's purchases do not include under Chicago, for example, Swift's purchase of 131 hogs at "Lvlle" (Louisville, Ky.), nor Armour's 3,344 at St. Paul; nor under Kansas City the Fowler (Armour) purchase of 5,968 hogs bought at Mistletoe, a private stock yard at the Fowler Kansas City plant where animals are received which have been bought "direct," i. e., purchased in the country direct from the farmers and shippers. At the bottom of the sheet is a definition of what purchases by the Big Five, bought either at the smaller markets or "direct," are included in their figures of total buying. This is significant in view of the contentions which the parties to the agreement have, from time to time, over what shall or shall not be included in the agreed percentages.

The practical uniformity maintained in the livestock purchase percentages under the agreement is seen by a comparison of the second and third columns of the sheet—"1917 to date" and "Year 1916;"—1917 to date being in fact the year 1917 because this is the sheet for the final week of the year.

In the individual markets are a few exceptional variations of over 2 per cent as between 1917 and 1916, but usually the variation is in the neighborhood of 1 per cent or one-half of 1 per cent. The summary of "total buying" of the Big Five for all these markets shows the true degree of uniformity in hog buying. Here the variation in 1917 from 1916 was:

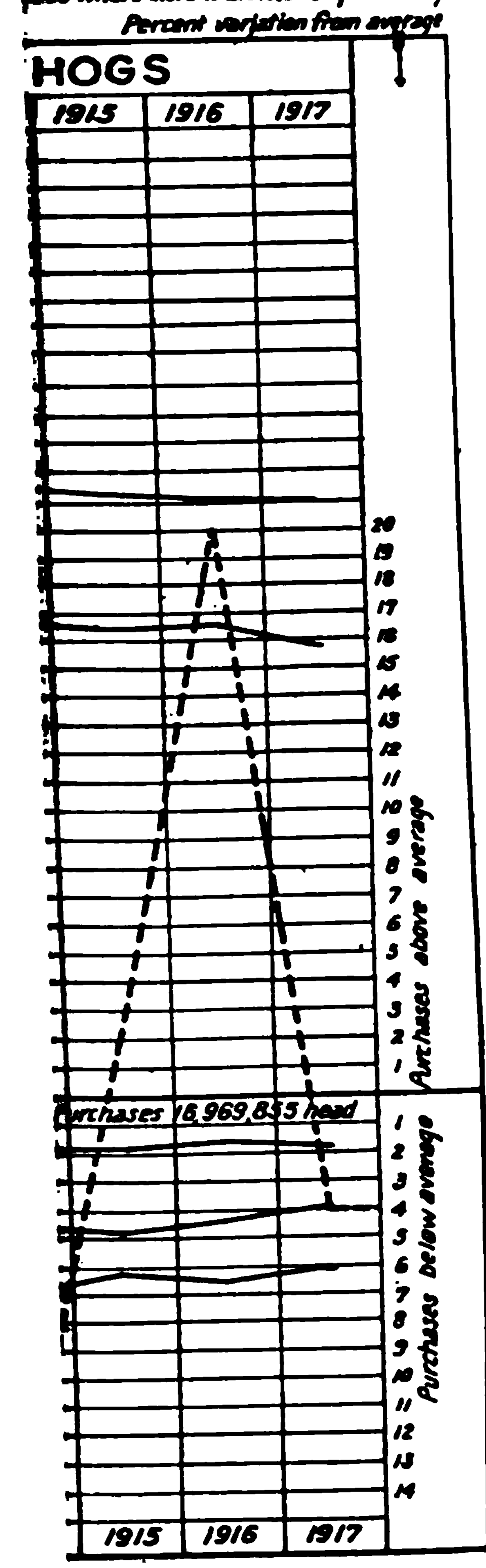
Swift	$-\frac{8}{100}$ of 1 per cent.
Armour	$-\frac{75}{100}$ of 1 per cent.
Morris	$-\frac{16}{100}$ of 1 per cent.
Wilson	$+\frac{52}{100}$ of 1 per cent.
Cudahy	$+\frac{42}{100}$ of 1 per cent.

The conclusion that such uniformity could not be expected without agreement is strengthened by a comparative statement of the purchases of the Big Five over a period of years. The figures which follow, taken from the records of Swift & Co., cover the total buying

ENTAGES

AR

arkets: Chicago, Kansas City, Omaha,
ul, Sioux City, Fort Worth, Oklahoma City,
aces where there is division of purchases)



of cattle, sheep, and lambs, and hogs by the five big packers for the past five years at the buying places covered by their division of receipts agreements:

CATTLE.

Year.	Number of head.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
1913	5,082,619	33.90	27.18	17.80	11.74	9.38
1914	4,841,689	34.01	27.16	17.97	11.56	9.30
1915	5,279,407	34.47	27.57	18.14	10.15	9.67
1916	6,097,183	34.59	27.04	17.86	10.94	9.57
1917	7,629,569	35.07	26.96	17.14	10.85	9.98

SHEEP.

Year.	Number of head.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
1913	10,174,937	39.49	28.65	12.95	9.59	9.32
1914	10,085,936	38.94	27.80	12.46	10.27	10.53
1915	8,778,591	38.85	28.13	12.60	10.32	10.10
1916	8,969,462	38.93	27.83	12.32	10.11	10.81
1917	7,059,268	39.64	26.25	12.33	10.65	11.13

HOGS.

Year.	Number of head.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
1913	16,273,917	36.59	31.76	13.18	7.72	10.75
1914	14,564,933	36.61	31.75	13.15	7.97	10.52
1915	17,316,443	36.37	31.44	13.15	8.79	10.25
1916	20,350,372	36.04	31.57	13.33	8.44	10.62
1917	16,343,612	36.01	30.82	13.17	8.96	11.04

The above figures appear in diagram facing page 57, illustrating the practical uniformity of the percentages notwithstanding large variations in number of head.

EVIDENCE OF AGREEMENT IN "BLACK BOOK" MEMORANDA.—By the spring of 1914 questions had arisen as to the percentage agreement which required settlement, so these questions were taken up for discussion at several meetings held during April, May, and June, 1914. In the memorandum at the meeting of April 21, 1914, while figures are given only for Armour, Swift, Morris, and Sulzberger, it is evident that Cudahy received his allotment, which must be included in order to make up the 100 per cent. This memorandum follows:

MY TALK WITH KLEE [Morris representative, probably Thomas E. Wilson] at HIS OFFICE APRIL 21, 1914.

Total for the west net plus .35 last wk.
New York showed poor last month.

	S [Sulz. & Sons.]	A [Armour.]	H [Swift.]	Klee [Morris.]
Week ending April 4th	13.74	26.84	33.04	17.90
" " " 11th	12.55	26.72	33.13	17.27
" " " 18th	12.77			
13 week period ending March 28th	12.14	27.47	33.30	17.77

1910 basis S. [Sulzberger] 11.79. This excludes Canadians, but includes exports.

> 1910 Klee [Morris] shows 18.10, figures including American cattle purchased and exported, but not Canadian cattle exported; (however A [Armour] wants these cut out, as they did not export during this period, which would not, however, make difference of over 1/4 of 1%).
>
> The 1910 figures include all plants in the United States, either wholly owned or controlled, and include all purchases, country and otherwise.
>
> Everyone is getting figures independently, and at markets where not represented commission men are sending in reports as to purchases. However, Pacific coast points not included.
>
> *Hogs.*—1910 not including Squire or North [John P. Squire & Co. and North Packing & Provision Co., both owned by the Swifts], these having been previously operated and not having been increased; nor is Halstead included, except on hogs killed West and shipped to this point. The above according to Klee [Morris].
>
> WILLIAMS [Arthur Meeker, of Armour & Co.] states our figures [S. & S. Co. figures] from February 14th to April 18th show 12.51. States Buffalo had 60 loads on Monday, 20 remaining unsold.
>
> G. F. S.

Another meeting of the packers was held at the Morris office on May 7, 1914. The memorandum shows that the meeting was principally devoted to the discussion of other matters, but the following brief extract relates to the division of live stock:

MEETING WITH KLEE [MORRIS] AT HIS OFFICE MAY 7, 1914.

* * * * * * *

> Regarding N. Y. "H" [Swift] wanted included sheep and lambs killed down there in the total purchases, but Sanford [Armour] does not want this. * * *.

Thus, Swift desired to swell his proportion of the total sheep and lambs purchased by including those killed at his New York plant (United Dressed Beef Co.) but Armour, whose interests would be adversely affected if the New York sheep and lambs were included, objected.

Negotiations were continued into June, 1914, as indicated by the following memorandum of June 4, 1914. Here the discussion centered principally on the question of whether purchases for exports should be included in figuring percentages, with Morris, who had exported 43,000 head, insisting that exports should be included, while Armour, who had exported only 2,700, objected.

In this memorandum of June 4, 1914, which relates principally to the International Meat Pool, in the notes of the morning session, the code names are dropped and it is recorded that there were—

"Present: Messrs. White, Wilson, and Edward Swift."

White is obviously F. Edson White, vice president of Armour & Co., Wilson is Thomas E. Wilson, then president of Morris & Co., and

Edward Swift is Edward F. Swift, vice president of Swift & Co. Germon F. Sulzberger, then an officer of Sulzberger & Sons Co., was of course also present. The memorandum follows:

MEETING AT ARMOUR'S OFFICE JUNE 4TH, 1914, P. M.

* * * * * * *[1]

Sanford [Armour] says showed plus 10 last week, but worse this week.[2]

Question of eastern killing of sheep and lambs, whether or not this be included, was discussed but not decided. Klee [Morris] claimed export cattle 1910 should be included, Sanford [Armour] opposed. I stated that this was more than the mere purchasing of stock.

Export figures for 1910, according to Sanford [Armour] showed the following:

Armour, 2,700
Morris, 43,000, excluding 17,000 exported from Canada.
Swift, 17,000
S. & S., 13,000

Klee [Morris] figures, including exports, 18.10. Sanford [Armour] claimed this figure should be excluding exports 17.59. Sanford [Armour] shows 11.79, including exports as against 11.73 excluding exports for Sand. ["S. & S."—Sulzberger & Sons.] Klee [Morris] claimed account beef formerly exported by others having included therefore cattle exported 1910 should also be included. Sanford [Armour] claimed this incorrect.

G. F. S. [Germon F. Sulzberger.]

The agreement of the combination applies, not only to the parent companies and their subsidiaries, but to certain unacknowledged connections referred to as "outsiders," being concerns apparently that hold themselves out as independents but have close relations with the packers. This is shown by the following Black Book memorandum of a "meeting held June 18th, 1914, A. M.," in which Sulzberger "suggested that outsiders be counted separately and that these should not exceed 1910":

MEMORANDUM OF MEETING HELD JUNE 18TH, 1914, A. M.

Question has come up regarding New York. Klee claims our outsiders not similar to others, as we simply leased the 44th Street property and they did their own work. I stated this was incorrect, as we afforded them the refrigeration facilities and refrigeration, which was an important thing, as well as had an investment in them by reason of financing some of them, and also had improved properties which made it possible for them to have Government inspection, etc.

However, I suggested that outsiders be counted separately and that these should not exceed 1910.

G. F. S.

---

[1] First part of memorandum refers to anotehr subject and is quoted later.

[2] This refers to the margin on dressed meats, which is figured as plus or minus so many cents a hundredweight as compared with an arbitrarily determined "memorandum cost" or "test cost" figure.

It appears from these memoranda that Armour's office was the meeting place at which these negotiations were chiefly carried on, and it further appears from numerous references that "Williams," whom Germon Sulzberger says was the code name for Arthur Meeker, vice president of Armour & Co., acted as a sort of secretary to the combination, telling each what his share was and how nearly each was living up to the agreement.

EVIDENCE OF LIVE-STOCK COMBINATION AT INIDIVIDUAL MARKETS.—Further evidence of the combination among the five packers to control purchases of live stock is to be found in various letters and other documents taken from the files of the packing companies relating to the arrangements at various live-stock markets.

St. Joseph.—The big packers operating at St. Joseph are Swift & Co., Armour & Co., and Morris & Co. The yards are controlled by Swift & Co. At times Swift has difficulty, it appears, when market conditions are not favorable to heavy buying, in getting Armour & Co. and Morris & Co. to "support the market" and buy their "full share" of hogs and cattle. This in part at least accounts for the fact that purchases are not always made in line with percentage agreements. Their correspondence discloses this.

Following are some of the telegrams, letters, and office memoranda taken from the files of Swift & Co. relating to St. Joseph combination affairs. These documents not only pertain to the division of live-stock receipts, but show other features of collusive buying:

Private Wire Telegram.

Received
Louis F. Swift
Dec. 11, 1913
50sa ST. JOE *Dec. 11*

To LOUIS F. SWIFT, *Chicago*

On account of making repairs on killing floor Hammond [Hammond Packing Co., owned by Armour & Co.] unable buy their proportion Have only bought nine hundred fifty cattle first three days this week Swift & Co twenty four hundred Morris twelve hundred fifty Figure Morris have done their share Still under circumstances would appreciate still better support Understand Hammond can only buy two hundred more this week including today's buying.

ALDEN B. SWIFT. [Manager of Swift & Co. plant at St. Joseph.]—1021a L.F.S.

[The following in lead pencil:]

C. H. S. [Charles H. Swift]

Will you pls. take up with Morris? Possibly if you spoke to White [F. E. White, vice-president, Armour & Co.] Armour would try do better.

H. A. C. [H. A. Chetham of Swift & Co.]
Handled H. H. S. [Harold H. Swift]
12/11

C. H. S. St. Joe Yards

Charles H. Swift. P

Do you think A [Armour & Co.] will buy nearer their share this week

H A C
12/15

Look for dull cattle mkts this week all points therefore doubtful but if necessary will follow up.

C. H. S.
12/16.

To prove to L. F. Swift that Armour & Co. and Morris & Co. were not buying their share of cattle at the St. Joseph market, A. B. Swift sent him the following specially prepared memorandum of the cattle purchases of each of the big packers at the St. Joseph market for the preceding weeks:

St. Joseph cattle purchases.

Date.	Receipts.	Swift buy.	Armour buy.	Morris buy.
Monday	1,500	611	318	391
Tuesday	2,400	889	407	401
Wednesday	2,200	914	244	490
Thurs	1,400	491	176	397
Friday	....	....	....	....
Sum	7,500	2,905	1,145	1,679
Total				
W/E 11/1	6,994	2,729	1,742	1,554
" 11/8	4,841	1,620	1,435	1,193
" 11/15	6,945	2,688	1,462	1,522
" 11/22	4,489	1,888	1.016	1,498
" 11/29	2,807	954	912	639
12/6	4,385	1,839	1,260	1,093
Total 6 weeks	30,461	11,718	7,827	7,499
Weekly Avg.	5,077	1,953	1,304	1,249
" %	....	38.47	25.68	24.60

The next series of telegrams (Sept. 15 and 16, 1914) relates to a case where Morris was failing to buy his share on the St. Joseph market. This caused Swift considerable concern, for, in order to keep the cattlemen shipping to the St. Joseph yards, which Swift

owns, it was necessary for Swift to buy what Morris refused. The first telegram shows that Morris, although refusing to buy Texas cows at 5.75 on the St. Joseph market, was paying 5.90 for substantially the same cattle in the Kansas City yards, where Morris owns the biggest block of stock.

C. H. S. (Charles H. Swift), in a memorandum to H. A. C. (H. A. Chetham) on one of the telegrams, says that he spoke to Morris and that "L. H. H. [apparently L. H. Heymann, vice president of Morris & Co.] told me wd. buy them Wednesday at 5.90 but didn't do it."

Private Wire Telegram

Received
Louis F. Swift,
Sent c/o 15, 1914.
158 S. D. St. Joe *Sept. 15*

To H. H. Chetham

Referring recent conversation relative St. Joseph cattle market Straight split today four carloads Texas cows Kansas City sold Morris at five ninety weighed nine hundred forty We had split four loads we bid five and three quarters looked planty [plenty] high to us Morris would not bid Do not understand why these cows are not worth as much to Morris St. Joseph as they are Kansas City Our four loads being forwarded Kansas City tonight.

Alden B. Swift
407 pm

[In pencil:]
C. H. S. Wish Morris wd give
St. J. some support
H A C

[in pencil]
Chetham H A C—Don't think
so—were carried over C H S.

Private Wire Telegram

Chicago, *Sept 16, 1914*

To Alden B. Swift
Swift & Company
South St. Joseph, Mo.

Referring to your wire fifteenth
Don't understand four loads were forwarded Kansas City Last night. and am hoping parties will buy these today at same price they paid Kansas City yesterday. This for your confidential information.

H. A. Chetham.

ED
13 PM

Private Wire Telegram

To St. Joe Sept. 16th, 1914 [In pencil:]

H. A. CHETHAM — HAC / L H H told me wd buy them Wednesday at 5.90 but didn't do it
C H S

LEAVITT [Swift head cattle buyer]

4 loads Texas cows sold 575

2 loads 917 Morris

2 " 936 Swift

Waited until 5 minutes to 3 o'clocj [clock] giving competitors opportunity by these cows.

VANCE [Swift cattle buyer at St. Joseph]

Copy to LFS EFS CHS Same cows sold K. C. Monday to Morris 5.90 W. LEAVITT

9/16/14

Received Louis F. Swift

SEPT. 16, 1914

H. A. C.

Regarding attached

I wish we could, but I am afraid we can't depend on Morris giving St. Joe very good support except in specific instances.

In this case, I spoke to them this morning and think they will buy these today at the same price they paid in Kansas City yesterday.

C. H. S.

The next series of telegrams, September 28 and 29, 1914, relate to another case where Armour and Morris failed to buy their share and left Swift with more cattle than he could well handle. Alden B. Swift, manager at St. Joseph, wired Louis F. Swift: "Competitors done nothing so far 41 loads steers unsold." Louis F. Swift referred the matter in the following way to Charles H. Swift: "Will you pls speak to M. [Morris] and A. [Armour] on this." The Hammond referred to in the third telegram is the Hammond Packing Co. owned by Armour & Co.:

Private Wire Telegram

Received
Louis F. Swift,
SEPT. 28, 1914

To 107 S. G. St. Joe Sept 28

LOUIS F. SWIFT,

Competitors done nothing so far 41 loads steers unsold we have bought 10 loads market in line with Kansas City.

A. B. SWIFT

1233 p

[In pencil:] C. H. S. Will you pls speak to M. & A. on this L F S 9/28

Private Wire Telegram

CHICAGO, *Sept. 28, 1914*

To ALDEN B. SWIFT
Swift & Company,
St. Joseph, Mo.

Answering Wilson agreed to take up with their buyers immediately support market if in line. He claims his advice shows St. Joseph out of line with Kansas City. Wire what they do.

H. A. CHETHAM
AD N
2:55 pm

Private Wire Telegram

To 118 sad St. Joe 28
LOUIS F. SWIFT

Have bought 800 cattle all that Mr. Leavitt advises us buying. Hammond 250, Morris 250– 15 cars western strs unsold how do you advise handle balance buying.

A. B. SWIFT 236p
[In pencil:] H Swift

Private Wire Telegram

CHICAGO, *September 28, 1914*

To Mr. ALDEN B. SWIFT,
Swift & Company,
South St. Joseph, Mo.

Referring to previous wires Did neighbors make any additional purchases your market? What is situation Answer

LOUIS F. SWIFT
AD 3:40 PM N

Private Wire Telegram

Received
Louis F. Swift
SEPT. 29, 1914

To 172 sad St. Joe 28

[In pencil:] Copy H H S 9/29

L F SWIFT

Ansg. Hammond bought four loads Morris two loads in addition to our previous message. Nine loads western steers unsold. Think three loads will be forwarded Kansas City tonight balance held over here.

A. B. SWIFT
504 p

[In pencil:]
Swift 827— Inc 78 from Denver
Morris 292
Hammond 492 " 211 " "

LOUIS F. SWIFT

Private Wire Telegram

Received
Louis F. Swift
Sept. 30, 1914
St. Joseph 9/29/1914

To Leavitt

Referring 6 loads cattle unsold Tuesday these cattle all sold here today 2 loads to feeders 2 loads to Swift bid 7.15 Monday sold 1103 7.05

2 loads Swift bid 7.55 Monday sold 1155 7.40

Vance

Copy to LFS EFS CHS

[In pencil:] St Joseph
S

In view of the above it is not surprising that there should be some variation from year to year in the percentage of purchases of the three packers at St. Joseph, even though there had been no change in the percentages agreed upon for this period. A change, however, in the cattle purchase percentages between Swift and Armour, about 1915, increased Armour's percentage from about 27.50 to around 32.50, or 33 per cent, and a similar readjustment took place between Swift and Morris about 1917, as indicated in the following table from Swift & Co.'s records:

Purchases of cattle and hogs at St. Joseph for five years.

CATTLE.

	Swift.	Armour.	Morris.
1913	122,272— 45.41%	74,156— 27.54%	72,828— 27.05%
1914	88,225— 44.51%	54,6[illegible]3— 27.5[illegible]%	55,374— 27.9 %
1915	103,670— 40.8[illegible]%	82,783— 32.6[illegible]%	67,133— 26.47%
1916	116,713— 39.17%	99,448— 33.37%	81,818— 27.45%
1917	161,158— 43.55%	121,636— 32.2[illegible]%	91,127— 24.15%

HOGS.

	Swift.	Armour.	Morris.
1913	852,106— 47.97%	472,021— 26.57%	451,308— 25.40%
1914	736,806— 47.87%	418,493— 27.1[illegible]%	382,829— 24.88%
1915	72[illegible],329— 46.65%	419,877— 26.97%	410,672— 26.38%
1916	987,073— 49.04%	514,461— 25.5[illegible]%	511,210— 25.40%
1917	905,192— 50.41%	438,187— 24.41%	452,218— 25.18%

St. Paul.—Swift & Co. controlled at St. Paul, but now Armour has a share of the live-stock receipts there. Recently, when J. T. McMillan, an independent packer, at St. Paul, who gets most of his hogs direct from the country, was considering changing the location of his plant, he conferred with J. S. Bangs, Swift's St. Paul plant manager, regarding making purchases freely in stock yards. Bangs made this statement to Mr. McMillan:

> If you moved to the yards, you couldn't do that; you would have to agree to buy not over a certain stipulated proportion of the hogs offered each day, the same sort of working agreement we have with Armour.

Omaha and Sioux City.—At Sioux City, Cudahy Packing Co. and Armour & Co. operate the two larger plants, Swift & Co. having but recently taken over the plant of a small independent. At this market the arrangement is for Cudahy to buy "just as many hogs as Armour buys"; and during 1916 and 1917 Armour and Cudahy together purchased 2,820,907 hogs, of which number Armour bought 49.86 per cent and Cudahy 50.14 per cent. This is shown by the following Swift & Co. figures:

Sioux City—Percentage of hog purchases.

	Armour.	Per cent.	Cudahy.	Per cent.
1913	580,090	51.46	547,198	48.5[illegible]
1914	500,811	50.31	496,620	49.[illegible]
1915	650,140	50.04	648,996	49.[illegible]
1916	720,862	50.49	706,784	49.5[illegible]
1917	685,635	49.21	707,628	50.7[illegible]

Swift & Co. has for some years purchased hogs on the Sioux City market, where the Swift ownership in the stock yards is much greater than that of Armour or Cudahy, though the company only recently began to operate a packing plant there. Morris & Co. also occasionally buys a few hogs there. The following table from the files of M. R. Murphy, general superintendent of the Cudahy Packing Co., shows the Sioux City hog purchases of each of the four companies for six months ending April 29, 1916:

THE CUDAHY PACKING CO.
South Side Station,
Omaha, Neb.

Sioux City hog purchase for six months ending April 29, 1916.

	Cudahy.				Armour.		Swift.		Morris.	
	Number.	Wt.	Cost.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Nov	42,908	240	6.39	49.86	43,152	50.14	None.	....	....	.....
Dec	85,301	223	6.21	44.19	83,864	43.45	23,851	12.36	....	.....
Jan	96,479	209	6.94	40.28	99,481	41.53	43,568	18.19	....	.....
Feb	71,124	212	7.73	40.06	73,040	41.14	32,371	18.23	1,000	.57
Mar	45,755	221	9.12	31.97	65,613	45.87	31,703	22.16	....	.....
Apr	52,210	228	9.39	40.87	45,766	38.46	24,588	20.67	....	.....
Total	333,807	220	7.45	40.72	410,946	42.89	156,081	16.29	1,000	.10

The 50–50 division of hogs at Sioux City between Cudahy and Armour is of long standing, for on October 12, 1911, E. A. Cudahy, president of the Cudahy Packing Co., wrote M. R. Murphy:

> I wired you today that I thought you ought to buy 17 % of the hogs at Kansas City, 30 % at Omaha and 50 % or just as many hogs as Armour buys at Sioux City.[1]

[1] For rest of letter see p. 29.

The Cudahy "50 % at Sioux City," and "our [Cudahy] full 30 % of hogs at Omaha" are shown in the following letter from E. A. Cudahy to M. R. Murphy:

JUNE 30, 1911.

Mr. M. R. MURPHY, *South Omaha, Nebr.*

DEAR SIR: I am in receipt of your letter of the 29th inst., and note what you say in reference to Thursday's hog market. I cannot understand what they are booming these hogs on, because the receipts are so heavy that we cannot hope to do much better on fresh pork cuts, but at the same time I do not see anything for us to do only to buy our full 30 % of the hogs at Omaha this week, and 50 % at Sioux City. It might be well for us to be kind of bearish, to start out next week.

I note that we are not killing quite as many hogs in Wichita as Dold is. [Jacob Dold Packing Co., independent.] There has been a pretty fair profit in hogs, and I think we ought to establish ourselves there on a basis of at least 55 % of the hogs. If we do not, Dold will be running 55 %, and we will be running 45 % in a short time. I think that would be fair proportion anyway—55 %. I think we are entitled to it.

I note what you say about filling lard, and I do not see anything else to do with our surplus lard at the present time, as I do not want to ship any more on consignment until I see some cash trade from the other side. I don't think anybody is having much foreign cash trade for lard, and I think the stocks of lard in Europe must be awfully heavy.

* * * * * * *[1]

Yours, truly,

At Omaha the division of hog purchases for many years was on the following arbitrary percentages: Armour, 30; Cudahy, 30; Swift, 25; Morris, 15. These were the percentages which the head hog buyer of one of the companies gave to an examiner of the Commission as the agreed percentages at that market, as quoted above.[2]

The letters of June 30, 1911, and October 12, 1911, by E. A. Cudahy just quoted in connection with the Sioux City percentages refer to the Cudahy "30 % at Omaha" and to "our full 30 % of the hogs at Omaha."

In addition to evidence heretofore cited, a letter of June 21, 1911, written by E. A. Cudahy shows the agreed purchase percentage for hogs at the Omaha market. This letter and the testimony of M. R. Murphy, under examination by counsel for the Commission, regarding it and another letter follows:

Question by Mr. HENEY: I want to read you, in connection with that testimony, the copy of letters here taken from the files of the Cudahy Company. The first one is dated June 21, 1911:

"Mr. M. R. MURPHY, *South Omaha, Nebr.*

"DEAR SIR: Referring to the attached papers—Mr. McNaughton advised me that he learned from one of Morris & Co.'s men

[1] The rest of this letter refers to rebuilding a glue factory and the manufacture of beef extract.

[2] See p. 29, the present Morris plant being then the Hammond plant owned by the National Packing Co.

that there was considerable talk about the Kansas City Stock-yard that we sold out to the rendering company. Of course we can't stop the rumors, but all we have to do is just to keep quiet and let them do the talking. I think we are justified in quitting business on account of the position that the commission men have taken.

"When I was coming to Chicago on Monday night, Mr. R. C. Howe was on the train, and he called to see me at this office, and from what he said I don't see anything for us to do only to secure our 30% of the hogs at South Omaha, unless we want to take 29% and let Swift run 26%.

"I expect our Omaha and Sioux City market will be out of line for some time if we are going to maintain our position. I don't see anything else for us to do. The Omaha market seems to be the only point in question, and I think we ought to figure on keeping the Sioux City market on an independent basis.

"I will be in Omaha Friday morning.

"Yours truly,"

[E. A. Cudahy.]

And then down at the bottom are lead-pencil figures[1]

"30
30
25 Swifts
15

100%"

Did you receive the original of that letter?

Answer by Mr. MICHAEL R. MURPHY. I evidently did; but I have no recollection of it now.

Mr. HENEY. Well, at that time the percentage that you were aiming to buy per year was 30 per cent, wasn't it?

Mr. MURPHY. Evidently Mr. Cudahy had that in mind.

Mr. HENEY. Well, you say you buy on directions from Chicago. You had it in mind then, too, didn't you?

Mr. MURPHY. Well, on his advices; but he never notified me to buy a percentage, or anything like that. He would say, "Take your requirements, or whatever you need."

Mr. HENEY. Well, let's see—let's reread a portion of this (reading):

"When I was coming to Chicago on Monday night, Mr. R. C. Howe was on the train, and he called to see me at this office, and from what he said I don't see anything for us to do only to secure our 30% of the hogs at South Omaha, unless we want to take 29% and let Swift run 26%."

[1] NOTE BY COMMISSION.—These lead-pencil figures were not on the letter as written by E. A. Cudahy, but were put on a copy of the Cudahy letter by one of the Commission's investigators as a memorandum for the examining counsel, the information having been previously ascertained by the investigator from the source noted on p. 29 above and placed on the letter as a corroboration of the percentages referred to by Cudahy. The figures were read into the record as follows:

"And then down at the bottom are lead-pencil figures

'30
30
25 Swifts
15

100%'"

Now, isn't it a fact that it was within your knowledge that at that time Armour & Co. were aiming to get 30 per cent of the receipts at South Omaha, and Cudahy & Co. were to get 30 per cent, and Swift & Co. were to get 25 per cent, and Morris & Co. 15 per cent of the receipts?

Mr. MURPHY. Why, it is evidently so from that letter.

Mr. HENEY. The next letter I will read is dated November 27, 1911, taken from Cudahy's file and is addressed (reading):

"Mr. M. R. MURPHY,
"*South Omaha, Nebr.*

"DEAR SIR: I had a call from your neighbor to-day, and he agrees that we are paying too much money for hogs at Omaha and Sioux City, and that if we could get Omaha right, of course, it would regulate Sioux City, and he believes the best plan would be to let other people have what they want, and then split what is left. I believe in this plan, and I would advise you to work on it for this week, and I would suggest that you either call him on the phone or see him some time to-morrow and talk the matter over. We are killing a lot of hogs, and there isn't anything in them, and it is about time that we should be able to buy them at a margin.

"Yours, truly,"

[E. A. Cudahy.]

That neighbor was Armour, wasn't it?

Mr. MURPHY. Not to my—my recollection of this letter was it was his neighbor, instead of "your neighbor."

Mr. HENEY. Whom did he mean by that?

Mr. MURPHY. I would not know who he meant unless he meant some of the Armours or Swifts, or possibly this National. The National, I think, were——

Mr. HENEY (interrupting). Oh, you can readily see that was Armour. Don't you see you would not have divided with Swift after what was left at Sioux City, you would have divided with Armour equally?

Mr. MURPHY. Well, this takes in Omaha also, this letter does.

Mr. HENEY. Yes; well, Armour's percentage in Omaha is the same as yours, 30–30, and Cudahy was claiming the same percentage as Armour at Sioux City on account of being the only other plant. So, of course, that would be Armour?

Mr. MURPHY. My recollection was that he had a call from his neighbor instead of "your neighbor."

Mr. HENRY. Well, who did you go to see?

Mr. MURPHY. I have no recollection of going to see anybody.

Mr. HENEY. You were just as anxious as anybody to please Mr. Cudahy and get this thing—this Omaha market, in line, weren't you?

Mr. MURPHY. Yes, sir.

Mr. HENEY. And naturally you would act on it?

Mr. MURPHY. As a rule.

Mr. HENEY. But you have forgotten it?

Mr. MURPHY. As far as "neighbor" is concerned, I have no recollection of meeting anyone whom he might have designated as a neighbor.

Mr. HENEY. Well, Armour was the only other one that was largely interested in getting things right at Sioux City, wasn't he?

Mr. MURPHY. At Sioux City, I would naturally think he would be.

A paragraph from E. A. Cudahy's letter of May 16, 1912, to Murphy, quoted on page 38 above, is apposite here, showing that at that time—prior to the liquidation of the National Packing Co.—Cudahy was expecting that Morris, on taking over the Hammond plant at Omaha, would not be satisfied with the 15 per cent of the hogs, which was the percentage this plant had under the National Packing Co.'s ownership:

* * * * * * *

In regard to our position on the market—the trouble is that there ought to be about 105% to satisfy everybody, but all we are entitled to is 30%, and I think we will have to maintain this percentage, even if it is not satisfactory to the others, I don't want to be too aggressive on the market, but at the same time we cannot afford to slide back. I expect our Omaha market will be badly upset whenever there is a division of the National Packing Co.'s houses, because I think Morris will get the Hammond House, and he will figure he is entitled to just as many hogs as any of the other packers.

* * * * * * *

Cudahy, in his letter of November 2, 1912, a few months after Morris acquired the Hammond plant, referred to the Omaha situation as follows:

NOVEMBER 2, 1912.

Mr. M. R. MURPHY,
South Omaha, Neb.

DEAR SIR:

* * * * * * *

I note by your memo. showing our purchase at South Omaha for the year just ended that we only bought 2869 (28.69)%. At that rate we are slipping backward pretty fast, and we must try and keep up our percentage, and after all, I don't see that we gain anything by holding off. We held off on hogs from 7¾ up, and while we refused to buy hogs when the market was advancing, at 8¢ and 8¼¢, we were free buyers at the price on the decline. I don't think we would have lost any more money buying hogs than we did by not buying them. Just at present these very extreme, heavy, rough hogs that make a very heavy pork loin and a poor back are very undesirable hogs to buy. Prime heavy hogs are all right, but I would run away from these extreme, heavy, rough hogs. Good light hogs or good light medium hogs are most desirable to buy at this time, because we can take care of the bellies, and the pork loins will always sell well, and the hams will come out of cure so much sooner than heavier weights. Our stock of hams is very light, and we are going to be short of

hams right along, and you want to do everything possible to hurry the cure.

* * * * * * *[1]

Yours truly,

This letter illustrates that the agreed purchase percentages are both an advantage to the packer and an obligation.

The following figures from Swift & Co.'s files, showing the Omaha purchase percentages of the four packers from 1913–1917, indicate that Morris's percentage was increased somewhat over the 15 per cent which had been the National Packing Co.'s share. With this readjustment taken into consideration, the percentages for the five years have varied little from those of the period prior to 1912:

So. Omaha—Swine.

	Swift.	%	Omaha.[1]	%	Cudahy.	%	Armour.	%
1913	519,712	24.21	351,289	16.36	622,885	29.02	652,786	30.41
1914	447,633	23.75	303,441	16.42	564,042	29.93	563,646	29.90
1915	478,152	23.40	349,979	17.13	611,474	29.92	603,910	29.55
1916	617,569	24.80	432,715	17.37	720,601	28.93	719,779	28.90
1917	520,940	24.92	375,916	17.99	593,521	28.40	599,644	28.69

[1] Plant owned and operated by Morris and Co.

The following table from the files of M. R. Murphy of the Cudahy Packing Co. gives the number and percentages of hogs purchased by each of the four packers at Omaha for each of the six months ending April 29, 1916:

Omaha hog purchases for six months ending April 29, 1916.

	Cudahy.				Armour.		Swift.		Morris.	
	Number.	Wt.	Cost.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Nov	25,652	259	6.48	31.37	25,338	30.99	17,257	21.11	13,513	16.53
Dec	75,006	234	6.30	30.37	72,490	29.34	55,862	22.62	43,655	17.67
Jan	91,863	217	6.92	29.33	91,452	29.20	74,101	23.66	55,775	17.81
Feb	81,312	212	7.75	27.19	87,298	29.19	74,615	24.95	55,826	18.67
Mar	68,302	219	9.08	29.56	69,637	30.13	55,891	24.19	37,257	16.12
Apr	49,870	228	9.37	28.95	49,305	28.64	43,485	25.24	29,561	17.17
Total	392,005	223	7.61	29.15	395,520	29.43	321,211	23.90	235,587	17.53

Wilson & Co., Inc., has no packing plant at Omaha, but has bought some live stock there at different times. Following is a letter from Arthur Meeker, of Armour & Co., to Thomas E. Wilson, president of Wilson & Co., Inc., suggesting that an attempt was made by

[1] The rest of the letter, which is omitted, refers to salaries of certain employees, proposed improvements in the plants, and technical questions relating to the curing of hams.

Wilson & Co., Inc., to establish a "right" to purchase a portion of the Omaha receipts:

CHICAGO, *Mar. 24th, 1917.*

DEAR MR. WILSON:

Our Hog Department say that any hogs that your people bought in 1912 or. 1915 in Omaha, they bought under cover. They never maintained a salaried buyer there. What few they bought they bought thro a speculator named "Red" Murphy, who used all kinds of schemes in shipping them out to have their destination unknown; shipping them to a junction point, and then they would be reconsigned. As soon as the matter was taken up with S. & S. Co., they discontinued it. So I fail to see how you can honestly claim any rights today for any underhand work that your firm did in 1912.

Yours very truly,

ARTHUR MEEKER.

MR. T. E. WILSON,
Pres't., Wilson & Co.,
Union Stock Yards.

With this letter in the Wilson & Co., Inc., files was the office copy of the reply, as follows:

CHICAGO, *March 26th, 1917.*

ARTHUR MEEKER,
Armour & Co.,
U. S. Yards,
Chicago, Ill.

DEAR MR. MEEKER: Answering your note of March 24th, you are misinformed on the matter referred to. Our people did maintain a salaried buyer in Omaha as I have previously advised you. In fact Mr. Harry Booth, who is now our head buyer in Chicago, was himself stationed there for periods of several weeks, and if as you state Mr. Red Murphy undertook to cover up the purchases that he made for this company and destination, he did it for reasons of his own, and I think you probably know that all of the hogs that he buys are first weighed to him, sorted and reweighed. This is his practice today and no doubt was in former years, when this concern did business with him.

Yours very truly,

Oklahoma City, Fort Worth, and Denver.—At Fort Worth, Denver, and Oklahoma City the situation is different and the percentages on these markets run much more uniformly. These are all "50-50" markets, as disclosed by office records of the packers and live stock purchase figures—that is, there are only two big packers operating at each of these markets, and each packer is expected to purchase an equal number of live stock.

At Oklahoma City, Morris & Co. and Wilson & Co., Inc., control the stockyards and buy practically an equal number of animals. This is shown as to hogs by the following Swift & Co. figures:

Oklahoma City Swine.

	Morris.	%	Wilson & Co.	%
13.	155,752	50.00	155,770	50.00
14.	202,350	50.06	201,878	49.94
15.	236,336	50.98	227,228	49.02
16.	376,625	52.06	346,879	47.94
17.	258,561	49.77	260,942	50.23

The following letter from the files of Wilson & Co., Inc., refers to ie 50 per cent arrangment at Oklahoma City. C. H. Hill, who rote this letter, is head cattle buyer for Wilson & Co., Inc., formerly ulzberger & Sons Co., at Kansas City:

SULZBERGER & SONS COMPANY

Beef and Pork Packers

Kansas City, Kansas

Packers Station.

JULY 22, 1916.

Mr. T. E. WILSON,
Pres., S. & S. Co.,
Chicago, Ill.

DEAR SIR: I was in Oklahoma City this week and found things running very smoothly, yet they seemed to have gotten cross wise down there yesterday.

Our people bought too many cattle. However, I do not know that we are altogether to blame, as Oklahoma's explanation is that they both went into the yards in the morning and bid on the cattle that were there, but our boys bought some of the better class of cattle which I suppose they wanted. Then Morris after buying a very few, quit the yards and went to the house.

When the sellers came to our men, it was either a case of taking the cattle or backing up on them, which they very seldom do on that market. They do not consider it wise. Our men offered to divide some of the larger lots with them and they refused to take any at all. I suppose because we had raised them five to ten cents on some of the cattle they wanted. However, the day I was there they raised us 10 to fifteen cents in some places.

It looks very much to me as though they always want the best of things and are not particular about carrying out instructions they get from headquarters, as in the case when they had orders to buy cattle 25 lower, and they refused to do so and took, as you remember, practically all the cattle on the market that day. Also in the case that I had up with you when in Chicago in regard to buying cattle from the traders. Wyness claims he did not know that they had been buying cattle and not having them re-weighed and this had been going on for some months, practically ever since this little fellow, Kohn, has been trading down there.

As soon as we called their attention to this they are not buying, taking previous weights, yet they are buying regularly from these traders, which you told me Mr. Hymen said would be cut out. Last week they bought 325 cattle from the speculators and our boys bought 48. Up to yesterday Morris had bought over 250 this week. Our boys had bought 12. We will be obliged to do this as long as they continue to buy from them, as the speculators get out in the morning and. seem to know the very kind that is best in demand and pick up what they can of this class, especially canners. This they will continue to do so long as they continue to buy them.

I think about as good a way to handle that proposition is to give our men instructions to buy about 50% of the beef cattle received on that market when in line, regardless of what others do, as we have had three or four different buyers there since the opening of that place and they have all made the same complaint, that others were always wanting the best of things.

The same thing happened the day I was there in regard a bunch of light calves. I noticed in the day's purchase that others had gotten about three times as many calves as our boys, which are well worth the money on that market. I took the matter up with him and he said one of the best bunches of light calves that Morris had, they bought from a speculator. who got out early in the morning and bought them before the buyers of the packers had gone out and our boys never saw them at all.

This is certainly a bad practice for so small a market as Oklahoma City, as shippers to that market undoubtedly know when the speculators buy this stuff they must resell to the packers and at a profit, or else they could not stay there.

Yours truly,

C. H. Hill.

CHH/CT

This letter shows other combination matters besides the dividing of live-stock receipts. It shows what happens when one big packer raises the bid of another. In this case Morris & Co. stopped buying and refused to take a part of Wilson & Co.'s purchases because Wilson's buyer raised the Morris bid "5 to 10c. on some of the cattle they wanted." This letter also shows that Wilson's buyer knew that the Morris buyer had orders on a certain day to buy cattle 25 cents lower, and the Morris buyer's failure to make his purchases in line with these instructions, was a matter of sufficient concern to have been previously reported to the president of Wilson & Co. (at that time Sulzberger & Sons Co.).

At Fort Worth and Denver, Armour & Co. and Swift & Co. are the only big packers. The stock yards and allied facilities are jointly controlled by these two interests at these markets. Therefore, both must support the market alike when conditions are not favorable to heavy buying. And likewise when margins are high or receipts light

each restrains the other from taking more than an equal number of animals.

According to figures compiled by Swift & Co., given below, out of a combined purchase of 2,306,708 cattle at Fort Worth from 1913 to 1917, Swift & Co. bought 1,154,256, or 50.04 per cent, and Armour & Co. 1,152,452, or 49.96, per cent, an actual difference of only 1,804 cattle in five years. In 1916 out of a total combined purchase of 364,076 cattle these two packers came within four of securing the same number.

Fort Worth cattle—Percentages of combined purchases.

	Swift.	%	Armour.	%
1913	231,704	49.96	232,062	50.04
1914	265,610	52.06	264,767	47.94
1915	153,478	49.86	154,347	50.14
1916	182,036	50.00	182,040	50.00
1917	321,428	50.17	319,236	49.83

At Denver, except for a few head of hogs bought by Cudahy, Swift and Armour are the two big packer buyers. The following table from Swift & Co.'s files gives the yearly percentage of their hog purchases for five years:

Denver hogs—Percentages of combined purchases.

	Swift.	%	Col. Pkg. Co.[1]	%
1913	96,245	51.07	92,215	48.93
1914	94,256	50.13	93,780	49.87
1915	136,925	52.30	124,892	47.70
1916	194,818	51.46	183,744	48.54
1917	141,699	50.06	141,382	49.94

[1] Plant owned and operated by Armour & Co.

Section 5. The "Plant-capacity" theory.

The packers have one ready explanation for these uniformities in percentages—namely, "uniform plant capacity."

This explanation fails in the light of the comparative plant capacities and the purchase figures. In Denver, for example, where the Armour plant is not equal in capacity to that of Swift & Co. and where a variation in their yearly total purchase ranges from 188,036 in 1914 to 378,554 in 1916, or double, the purchase percentages between Swift and Armour are substantially constant. The "uniform-plant-capacity" theory can not stand against this showing that with the wide variation in number of purchases the percentages were in 1914, Swift 50.13 and Armour 49.87 and in 1916, Swift 51.46 and Armour 48.54.

The following letters from the files of Armour & Co. show that the Swift and Armour plants at Denver were by no means of uniform capacity:

DENVER, *October 19, 1915.*

Mr. J. O. ARMOUR,
c/o Armour & Co., Chicago, Ill.

MY DEAR UNCLE OGDEN: Just a line to tell you that Tom and I arrived here from Fort Worth, and had a very pleasant trip.

I can not tell you how surprised I was in going over the plant here. Of all the plants we have, this one certainly needs our first attention. In my opinion, the best part of it is as bad as the worst part of any of our other plants. Swift's plant, from what I hear and from the little I saw of it, is far ahead of ours, both as to the size and condition. Of course, as you know, everything here is done on a 50–50 basis, and with the facilities we have it is almost impossible to keep up this ratio.

The force here seems to be very competent. Mr. Gebhard has been extremely nice to us. The two branch houses here are in very good shape, but, of course, the Armour & Company Branch is in a very bad location. However, they are doing well. They have had very good results for this year up to the present time. This is not quite right. (Below.)

The country out here looks exceptionally good, and from what I can find out, things are starting to boom. There isn't much news outside of this.

I am leaving here to-morrow for Kansas City, and will be home at the end of the week. We have had a fine trip in every way, but I feel as if I had left Chicago about three months ago.

Hope you are well, and that everything is going all right. Tom joins me in kindest regards.

Very sincerely, yours,

P. D. A. [Philip D. Armour, 3rd.]

Col. P. & P. Co. Branch [Colorado Packing and Provision Co., controlled by Armour & Co.] way behind but changes go into effect Nov. 1 which will help it out a great deal.

OCTOBER 22, 1915.

MY DEAR WATSON: [A. Watson Armour, vice president Armour & Co.]

I think Philip is right about this. That plant out there needs our first attention. The country is a growing one out there, and we want to have facilities to do business.

J. O. ARMOUR.

OCTOBER 23, 1915.

Mr. J. OGDEN ARMOUR.

Referring to attached, I think we have realized the bad condition of our Colorado Packing Company plant ever since it was purchased. Mr. Connors called to my attention that he did not feel the physical condition of this plant at the time we took it from the National was as good as the one Swifts got. We took it on account of Mr. Gebhard. The plans for this building are out and we ought to be able to close the contract the first of next week, or in ten days.

A. W. ARMOUR.

Section 6. Effectiveness of live-stock pool.

It is obvious that the live-stock pool is not only an automatic regulator of the business of each of the companies which participate, but also secures substantial uniformity of prices paid by each for live stock, and consequently of the prices at which dressed meats are sold. In brief, the prearranged division of live-stock purchases forms the essential basis of a system, by which the big packers are relieved of all fear of one another's competition and, acting together, are able to determine broadly not only what the live-stock producers shall receive for their cattle and hogs, but what the consumer shall pay for his meat.

To make clear the working effectiveness of this system, it is well to start with a stockyard, in which only two of the big packers are represented, and where the division is commonly "fifty-fifty." In such a market the independent packers, local butchers, and speculators purchase not to exceed 5 per cent of the live stock, far too few to influence the market strongly, much less fix the price. The other 95 per cent of the live stock, it is agreed, are to be divided evenly between the two big packers in such market. This is exactly the situation at Forth Worth, Denver, and Oklahoma City. Even if there should be no further collusion or communication between the two big packers, it must be obvious that there will be no truly competitive purchases. The buyers of the two companies may come into the market with differing ideas of what the various grades of animals are worth, but only a few sales will be made before each will know what the other is offering, and they will thus come to a common price. In a freely competitive market, the common price would tend to reflect the true market value because the low bidder would be required to meet this price or be left without a supply to keep his packing house running. But in a market where there is an agreed division, the natural law of the market is turned topsy-turvy, and the common price inevitably becomes that offered by the low bidder. Thus, without collusion beyond the agreement to divide purchases, the market price is bound in the long run to be the lowest price which will keep the producers raising cattle, hogs, and sheep and sending them to the stockyard.

The effect of a live-stock pool on the marketing of dressed meats is as obvious. With each packer purchasing only a certain percentage of live stock on the hoof, each is bound to have relatively the same proportion of meat for sale. Thus the competitive chance that any one of the packers will flood the market at any time to the disadvantage of the others is eliminated. Nor is there likely to be a general glut as the result of all the members of the combination buying more live stock than the market for fresh meats can absorb, for with the price held down by division of purchases, the shipments

will tend to fall off as soon as a general oversupply is threatened. All that is necessary to complete the control of dressed-meat sales is an exchange of information as to margins (together with a common understanding of each company's method of figuring test costs), and a periodical inspection of the supplies in one another's coolers at the principal distributing points.

The live-stock pool is, therefore, an effective method of accomplishing almost all the results of the Veeder pool system so far as the sale of dressed meats is concerned, and has the added advantage that it is an automatic regulator of live-stock prices.

The effectiveness of the live-stock pool is in that constant meetings and intercommunications are unnecessary for its successful operation. Once the percentages at the principal markets and for the country as a whole are agreed to, there is no need of any further meetings until there is some new development, such as the purchase by one packer of an independent plant, which requires a readjustment of the percentages.

COLLUSIVE LIVE-STOCK BUYING.

The Commission finds:

1. That the big packers together control the live-stock markets.
2. That such competition as appears to exist between them is limited and is not real.
3. That they together fix live-stock prices.

The general question of collusive buying is presented under the following subject heads:

"Part purchases."
"Split shipments" purchases.
"Wiring on."
"Making" the daily market.

Section 7. "Part purchases."

Closely associated with their combination policy of dividing live-stock receipts on a percentage basis is another combination arrangement of the big packers which they call "part purchases." This is where two or more packers join in purchasing the live stock of one shipper or producer, each taking a part of the shipment at the same price. This is an effective means of eliminating competition in buying.

This part-purchase plan of buying is rapidly replacing a former method where one big packer would buy the entire lot and "split" the purchase with one or more of the others. This split purchase was formerly openly done and aroused much criticism.

The following letters and telegrams bear on the matter of part purchases:

SWIFT & COMPANY,
Stock Yards Station,
Fort Worth, Texas.

MARCH 29, 1917.

H. J. NELSON [In pencil:] W. B. T. [W. B. Traynor]

[In pencil:] H. J. N.
are we getting
this regularly,
W. B. T.
3/31

No. First I have seen.
Not directly connected
with correspondence.
H. J. N. [H. J. Nelson]
Ft. Worth
P

Mr. LOUIS F. SWIFT,
Swift & Company,
Chicago, Ill.

DEAR SIR:

PART PURCHASES CATTLE WEEK ENDING MARCH 24, 1917.

Jim Dobie 10 loads grass steers Sold as follows:

Swift	4 loads	average	1173 @ 9.25	
"	1 "	"	1250 @ 9.50	
Armour	2 "	"	1235 @ 9.50	
"	2 "	"	1175 @ 9.25[1]	
"	1 "	"	1020 @ 9.00	

John Wright—10 loads grass steers sold as follows:

Swift	5 loads	average	846 @ 8.10
Armour	5 "	"	853 @ 8.10

Smith & Cockrel 23 loads fair grass steers, sold as follows:

Swift	12 loads	average	827 @ 8.25
Armour	11 "	"	827 @ 8.25

Yours respectfully,
SWIFT & COMPANY,
Per J. B. G. [J. B. Googins, manager
B of Swift's plant at
Fort Worth.]

Manager's office.

SWIFT & COMPANY,

SWIFT & COMPANY,
Stock Yards Station.
Fort Worth, Texas.

APRIL 6, 1917.

Mr. LOUIS F. SWIFT,
Swift & Company,
Chicago, Ill.

[1] Note that identical prices are paid by Swift and Armour for cattle of same weight; thus Swift pays for his cattle averaging 1,173 pounds $9.25, the same price for which Armour buys the bunches averaging 1,175, but, both pay $9.50 for cattle averaging respectively 1,250 and 1,235 pounds.

DEAR SIR:

PART PURCHASES CATTLE WEEK ENDING MARCH 31ST, 1917.

10 loads Miller grass steers, from Hebronville, sold as follows:

Swift	5 loads,	average	700 @ 7.35	
Armour	5 "	"	704 @ 7.35	

12 loads Shriner & Halffgood grass steers, from Pearsall, sold as follows:

Swift	1 load,	average	1200 @ 9.75
"	1 "	"	940 @ 9.00
"	4 "	"	965 @ 9.25
Armour	1 load,	average	1007 @ 9.75
"	5 "	"	980 @ 9.25

10 loads A. Matthews fair grass steers, from Encinal, sold as follows:

Swift	1 load,	average	959 @ 8.65
"	6 "	"	760 @ 7.75
Armour	3 "	"	780 @ 7.75

10 loads Ross Roberts grass steers from Felly, Tex., sold as follows:

Swift	4 loads,	average	974 @ 8.25
"	1 "	"	830 @ 7.50
Armour	5 "	"	967 @ 8.25

15 loads Smith & Cockrell grass steers from Benavides, sold as follows:

Swift	8 loads,	average	845 @ 8.25
Armour	7 "	"	846 @ 8.25

Yours, respectfully,

SWIFT & COMPANY.

Manager's office. Per J. B. G.

SWIFT & COMPANY,
Stock Yards Station,
Ft. Worth, Texas.

APRIL 9, 1917.

Mr. LOUIS F. SWIFT,
Swift & Company,
Chicago, Ill.

DEAR SIR:

PART PURCHASES CATTLE WEEK ENDING APRIL 7TH, 1917.

15 loads J. M. Dobie grass steers, from Whitsitt, Tex., sold as follows:

Swift	5 loads,	average	968 @ 9.20
Armour	10 "	"	957 @ 9.20

12 loads J. M. Dobie grass steers, sold as follows:

Swift	5 loads,	average	835 @ 8.75
"	1 "	"	954 @ 8.50
Armour	6 "	"	850 @ 8.75

Yours, respectfully,

SWIFT & COMPANY.

Manager's office. Per J. B. G.

SWIFT & COMPANY,
Stock Yards Station,
Ft. Worth, Texas.

OCT. 15, 1917.

Mr. LOUIS F. SWIFT,
Swift & Company,
Chicago, Ill.

DEAR SIR:

PART PURCHASES CATTLE.

Week ending October 13th, 1917, as follows:

Oct. 10, 15 loads of Waggoner steers, from Electra, Tex., sold as follows:

Swift	8 loads,	avg.	1005@10.00
Armour	7 "	"	1013@10.00

Oct. 13th, 10 loads of Mascott Land & Cattle Co. steers, from Garwood, Tex., sold as follows:

Swift	5 loads,	avg.	887@7.25
Armour	5 "	"	892@7.25

Yours respectfully,

SWIFT & COMPANY
Per J. B. G.

Manager's office.

SWIFT & COMPANY,
Stock Yards Station,
Ft. Worth, Texas.

FEB. 14, 1917.

Mr. LOUIS F. SWIFT,
Swift & Company,
Chicago, Ill.

DEAR SIR:

PART PURCHASES CATTLE WEEK ENDING FEB. 10TH, 1917.

14 loads Mexican steers sold as follows:

Swift	5	loads	bulls,	average	630@5.60
"	1	"	steers,	"	610@5.90
"	1	"	cows,	"	630@5.90
Armour	5	"	bulls,	"	640@5.60
"	1	"	steers,	"	630@5.90
"	1	"	cows,	"	600@5.90

Yours respectfully,

SWIFT & COMPANY
Per J. B. G.

Manager's office.

From these and other Swift & Co. records the following li compiled and is illustrative of the extent to which the packer this feature of their collusive buying:

Part purchases.

Owner or shipper of cattle.	Date.	Number.	Weight.	Price.	Packer.	]
			Pounds.			
Bloom Cattle Co.	Aug. 17, 1914	144	1,181	$8.40	Swift	Ch
Do.	Aug. 17, 1914	40	1,197	8.40	Hammond[1]	
Do.	Aug. 17, 1914	117	1,187	8.40	S. & S.	
Landergin Bros	Mar. 30, 1916	176		8.55	Morris	St.
Do.	Mar. 30, 1916	59		8.55	Swift	
Do.	Aug. 15, 1916	22		7.20	Morris	Ka
Do.	Aug. 15, 1916	44		7.20	Wilson	
Do.	Aug. 18, 1916	43		7.10	Swift	
Do.	Aug. 18, 1916	43		7.10	Morris	
Do.	Sept. 27, 1916	132		6.60	Wilson	
Do.	Sept. 27, 1916	117		6.60	Cudahy	
Do.	Aug. 8, 1917	71		8.50	Swift	
Do.	Aug. 8, 1917	40		8.50	Morris	
Do.	Aug. 9, 1917	24		8.50	Swift	
Do.	Aug. 9, 1917	93		8.50	Armour	
Do.	Sept. 26, 1917	76		8.50	Morris	
Do.	Sept. 26, 1917	36		8.50	Armour	
Do.	Oct. 31, 1917	31		10.00	do	
Do.	Oct. 31, 1917	167		10.00	Wilson	
		Loads.				
Ray & Fleming	Oct. 1, 1913	2	847	6.50	Swift	St.
Do.	Oct. 1, 1913	2	854	6.50	Morris	
Do.	Oct. 1, 1913	2	851	6.50	Hammond[2]	
Do.	Oct. 1, 1913	3	840	6.55	Morris	
Do.	Oct. 1, 1913	2	831	6.55	Hammond[2]	
Miller	Mar. 31, 1917	5	700	7.35	Swift	Fo
Do.	Mar. 31, 1917	5	704	7.35	Armour	
Shriner & Halfl	Mar. 31, 1917	4	965	9.25	Swift	
Do.	Mar. 31, 1917	5	980	9.25	Armour	
Do.	Mar. 31, 1917	1	1,200	9.75	Swift	
Do.	Mar. 31, 1917	1	1,007	9.75	Armour	
Ross Roberts	Mar. 31, 1917	4	974	8.25	Swift	
Do.	Mar. 31, 1917	5	967	8.25	Armour	
Smith & Cockrell	Mar. 31, 1917	8	845	8.25	Swift	
Do.	Mar. 31, 1917	7	846	8.25	Armour	
Rutledge & Brown	May 10, 1917	7	544	7.50	Swift	
Do.	May 10, 1917	9	560	7.50	Armour	
Waggoner	Oct. 10, 1917	8	1,005	10.00	Swift	
Do.	Oct. 10, 1917	7	1,013	10.00	Armour	
Mascot Land & C. Co.	Oct. 13, 1917	5	887	7.25	Swift	
Do.	Oct. 13, 1917	5	892	7.25	Armour	
Waggoner	Oct. 15, 1917	7	1,022	9.25	Swift	
Do.	Oct. 15, 1917	8	1,026	9.25	Armour	
Do.	Oct. 17, 1917	8	1,022	9.50	Swift	
Do.	Oct. 17, 1917	7	1,009	9.50	Armour	
(No name)	Aug. 26, 1916	4	1,030	7.15	Swift	
Do.	Aug. 26, 1916	4	1,040	7.15	Armour	
Do.	Aug. 26, 1916	1	1,092	7.25	Swift	
Do.	Aug. 26, 1916	1	1,087	7.25	Armour	
Mexican steers	Feb 10, 1917	5	630	5.60	Swift	
Do.	Feb. 10, 1917	5	640	5.60	Armour	
Do.	Feb. 10, 1917	1	610	5.90	Swift	
Do.	Feb. 10, 1917	1	630	5.90	Armour	
Do.	Feb. 10, 1917	1	630	5.90	Swift	
Do.	Feb. 10, 1917	1	600	5.90	Armour	
J. M. Dobie	Apr. 7, 1917	5	968	9.20	Swift	
Do.	Apr. 7, 1917	10	957	9.20	Armour	
Do.	Apr. 7, 1917	5	835	8.75	Swift	
Do.	Apr. 7, 1917	6	850	8.75	Armour	
Jim Dobie	Mar. 24, 1917	4	1,173	9.25	Swift	
Do.	Mar. 24, 1917	2	1,175	9.25	Armour	
Do.	Mar. 24, 1917	1	1,250	9.50	Swift	
Do.	Mar. 24, 1917	2	1,235	9.50	Armour	

[1] Hammond plant at Chicago, owned by Swift & Co.
[2] Hammond plant at St. Joseph, owned by Armour & Co.

Any person acquainted with the process of appraising cattle will ıderstand that only by collusion would the above results be obined.

As additional proof that the big packers combine to take advantage live-stock producers and sellers, the following documents from the es of Swift & Co. are submitted:

CHICAGO, *October 5, 1914.*

Mr. W. LEAVITT—

CATTLE BUYING ST. JOSEPH (SMALL LOTS)

Please telephone me or my office (Miss Barrow) if you approve of a telegram like the attached going to St. Joseph.

I find there is an awful lot of complaint out there, and I am inclined to think we have overdone it.

Awaiting your advice—

LOUIS F. SWIFT

Dict. LFS
MSB

Private Wire Telegram

To ALDEN B. SWIFT,
Swift & Company,
So. St. Joseph, Mo.

CHICAGO, *Oct. 5, 1914.*

Heard a great deal of complaint in St. Joseph about our buyer only purchasing one-third of small lots of cattle. While I know these were his instructions, which originated from me, am inclined to think we are overdoing it a little, and you can tell him "when cattle suit us in quality and price and we need the cattle, and they are not over five or six cars, he can buy them all any time—but, of course, when the quantity is larger or the quality is undesirable, it is probably all right to only buy one-third or one-half."

LOUIS F. SWIFT.

MSB.

OCTOBER 12, 1914.

Mr. ALDEN B. SWIFT,
Swift & Company,
South St. Joseph, Mo.

DEAR SIR: Will be glad to have you advise me if you think our cattle buyer at St. Joseph is all right and is doing as well as Mr. Stemm did.

Also if you notice any difference in Morris' cattle buying.

Awaiting your reply—

Yours respectfully,

LOUIS F. SWIFT.

MSB

P. S.—Has our new plan of not insisting on dividing all the small bunches of cattle given any snap to the market?

L. F. S.

OCTOBER 13, 1914.

SWIFT & COMPANY,
So. St. Joseph, Mo.

Mr. LOUIS F. SWIFT,
Chicago.

DEAR SIR: Answering your favor of October 12th, in regard to cattle buying at St. Joseph:

Believe our cattle buyer, Mr. Earl E. Vance, is handling the market as well as Mr. Stemm did, and that he will improve.

Mr. George Campbell started buying for Morris Monday, October 5th, in place of Mr. John Rothschild, who is on vacation. Mr. Campbell shows considerable improvement and gives considerably better satisfaction all around than Mr. Rothschild ever did, and would like to see him buy here permanently.

Believe our new plan of not insisting on dividing all small bunches of cattle has given snap to the market.

Yours, respectfully,

A. B. SWIFT.

ABS-GES

This added evidence is important not only because of its value in indicating the origin of the packers' "part purchases" plan, but because of the light it throws on the effect of collusive buying. These letters and telegrams do not refer to percentage divisions of total cattle receipts at St. Joseph, but rather to the policy of dividing single shipments between the three packers on this market. Here L. F. Swift admits issuing instructions in this matter. He also makes the admission that this combination buying has been carried so far as to hurt this market from his point of view as owner of the stock yards at St. Joseph. Accordingly, the system is modified to the extent of "not insisting on dividing all the small bunches of cattle" to see if this partial restoration of competition might not give "snap to the market."

Section 8. "Split shipments" purchases.

The term "split shipments" is used with reference to instances where producers or shippers divide their shipments between two markets. It is not the same as "split purchases" (see p. 78), which refers to cases where one packer buys a bunch of stock and subsequently divides with another packer. So closely do the big packers keep check on all shipments that they are able to detect split shipments and cause split lots to sell at the same price on different markets no matter how many packers are involved in making the purchases.

The packers' records tell the story. The following telegram from Mr. Vance, Swift's St. Joseph cattle buyer, to Mr. Leavitt, Swift's general head buyer at Chicago, gives an example of the practice:

ST. JOSEPH, MO., 10/19/1915.

LEAVITT

4 loads H. Adams cattle sold here to-day as follows:

2 loads Swift 1307#. 8.65
2 loads Morris 1311#. 8.65

6 loads same cattle sold KC [Kansas City] to-day as follows:

4 loads to Cudahy 1287#. 8.65
2 loads S. & S. 1298#. 8.65

VANCE.

Copy to LFS EFS CHS.

This record shows that H. Adams, shipping to two markets, sold to four different big packers and received exactly the same price. That such sales represent collusion and are not accidental is shown by the following telegrams and letter from the file of Swift & Co.:

Private Wire Telegram.

Received
Louis F. Swift,
May 12, 1914.
ST. JOE, 5/11/1914.

To LEAVITT

17 loads cattle on this market to-day which have splits in Kansas City. The Kas. City splits mostly sold steady prices. Have instructed cattle buyers to buy splits in line with Kansas City.

A. B. SWIFT.

Copy to LFS EFS CHS

Private Wire Telegram.

ST. JOE, 3/1/15.

To LEAVITT 345 pm

4 loads R J Carroll steers from Cushing Oklahoma sold here to-day as follows:

2 loads horned avg 1185 7.15 to Hammond [Armour & Co.]
2 " dehorned avg 1207 7.30 to Morris
5 " same cattle sold KC today avg 1195 7.20 to Morris.

TAMBLYN.

[E. A. Tamblyn, Swift's cattle buyer at St. Joseph.]

Copy to LFS EFS CHS

[In pencil:] W. Leavitt

Wonder why he didn't try for some — must yield good as come good distance Pls. ask. LFS

[In pencil:] LFS

Think acct. horned and dehorned.

Private Wire Telegram

3/2/1915

To E. A. TAMBLYN,
So. St. Joseph, Mo.

Referring to 4 loads Carroll steers from Oklahoma City sold on your market Monday why didn't both bunches sell same price and if possible please wire percentage of beef these cattle make Answer.

W. LEAVITT

1220PM

Private Wire Telegram

ST. JOSEPH *3/2/1915*

To LEAVITT.

Answering referring four loads Carroll steers here Monday 2 loads average 1207# 7.30 to Morris were dehorned. 2 loads average 1186# 7.15 to Hammond were horned and hooked up Think dehorned cattle are the cheapest of the two. Both bunches look like would figure around 57 to 58

TAMBLYN.

H. C. CARR [Supervisor for Swift & Co. at Chicago]

There was a split shipment on the Kansas City and St. Joe market Jan. 8th belonging to a party named Eberly. Mr. Guy [Swift's sheep buyer at St. Joseph] consulted Mr. Bishop [W. H. Bishop, a Swift sheep buyer of Chicago] on these by phone, and Bishop advised him not to pay over 12¾. Later Morris bought them in Kansas City at 13.10, and Mr. Guy bought them same price.

They yield 47½% with 26% plucks in, cost 20.85 St. Joe Bishop saw them dressed, and said they were only medium lambs with a bad tail end.

This party's lambs are always bad dressers, and he is always splitting them. I am in favor buying them on their merits or passing them.

R. S. M. [R. S. Matheson, Swift's head sheep buyer at Chicago]
Sheep Buyers Office
Thurs. Jan. 11, 1917,
RSM SO

CHICAGO, *January 15th, 1917.*

H. H. S. [Harold H. Swift]

Regarding attached:

As a rule I think we ought to be willing to pay Kansas City prices at St. Joseph, but in a particular case of this kind would be willing to buy on their merits if you agree, in which event I suppose we would probably have to face the probability of losing a customer for St. Joseph.

C. H. S. [C. H. Swift]

CHICAGO, *January 23rd, 1917.*

MR. R. S. MATHESON,
Sheep Pens.

Replying to your letter of January 11 in reference to split shipments of lambs on Kansas City and St. Joseph Market belonging to a party named Eberly, which are only medium lambs with a bad tail end:

Please arrange with St. Joseph to handle these lambs as you suggest, that is, buying them on their merits or passing them, having St. Joseph handle as smoothly as possible so as to avoid losing customer, still buying along lines you recommend.

Would like to have Mr. Guy keep you posted how this works out.

H. C. CARR.

HCC* AG

The following telegrams reporting the results of "split shipments" ıles on the St. Joseph, Omaha, and Kansas City markets are typical f a large number of messages:

Private Wire Telegram.

Received,
Louis F. Swift,
Feb. 7, 1916.
ST. JOSEPH, MO., *2/7/16.*

TO LEAVITT

We bought today 2 loads native steers account Jones 1269# 7.60

2 loads same cattle sold K. C. today to Morris 128 # 7.60

VANCE

Copy to LFS EFS CHS

Private Wire Telegram

Received
Louis F. Swift.
Feb. 21, 1916
ST. JOSEPH, MO. *2/21/16*

TO LEAVITT

We bought here today 2 loads steers account Enocha & Aikens 1300# 7.70

2 loads same man's cattle sold K. C. today to Armour 1233# 7.70

VANCE

Copy to LFS EFS CHS

Private Wire Telegram

St. Joe *Aug. 23d/15*

To Leavitt

4 loads Fibbeth and Son cattle here today sold to Swift and Co. avg 1090—700 [7.00]

4 loads same cattle sold Omaha today to Armour avg. 1113—700

2 loads Medley Cattle here today sold Morris avg. 967—685 [6.85]

2 loads same cattle sold Kas City to Cudahy avg. 494—685

Tamblyn

LFS EFS CHS

Private Wire Telegram

St. Joseph *8/25/1915*

To Leavitt

We bought 4 loads Russell & W cattle here Tuesday 875# 6.90
4 loads same cattle sold Kansas City to Cudahy 885# 6.90
1 load Bywater cattle here Tuesday sold Morris 1370# 9.10
2 loads these cattle sold K C to S. & S. 1288#, 8.90 [1]

Tamblyn

Copy to LFS EFS CHS

Private Wire Telegram.

St. Joseph, *May 11, 1915.*

To W. Leavitt—

ST. JOSEPH.	KANSAS CITY.
2 loads Bean & B Cattle sold here to day 1118# at 7.90, with 2 out to Morris 7.00	Split two loads same sold here today 1160# at 7.85
2 loads Beggs cattle sold here today 1346# at 8.40 to Swift.	Split two loads same sold here 1362# at 8.40 to Swift.
4 loads Gebhardt & Son sold here today as follows: 2 loads 1378# at 8.70 Hammond 2 loads 1360# at 8.70 Morris	Split 6 loads same sold here today 1340# at 8.70 S. & S.
4 loads Skinner cattle sold here today as follows: 2 loads 1197# at 8.20 to Swift 2 loads 1168# at 8.20 to Morris	Split 4 loads same sold here today 1200# at 8.20 to S. & S.
6 loads G. W. Sugar Co. cattle sold here at 8.45 as follows: 3 loads 1218# to Hammond 23 [3] loads avg. 1226# to Morris	OMAHA. Split 6 loads same cattle sold Omaha today 1230# at 8.45 to Armour.

Vance.

[1] The difference in price of the different loads of Bywater cattle is to be considered with reference to the difference in weights.

wing is a list of split shipments mostly made between Kansas
d St. Joseph, with sale results as reported by Swift & Co.
f these are taken from telegrams sent from these markets to
Co. at Chicago, which telegrams were found in the Chicago
Swift & Co.:

Split shipments.

ipper e.	Date.	St. Joseph.				Kansas City.			
		Number (loads).	Weight.	Price.	Packer	Number (loads).	Weight.	Price.	Packer.
			Pounds				*Pounds.*		
Son	May 11, 1914	2	1,378	$8.70	Hammond[1]	6	1,340	$8.70	S. & S.
	May 11, 1914	2	1,360	8.70	Morris				
	May 11, 1914	2	1,197	8.20	Swift	4	1,200	8.20	Do.
	May 11, 1914	2	1,168	8.20	Morris				
r Co.	May 11, 1914	2	1,218	8.45	Hammond[1]	6	1,230	8.45	Armour.
	May 11, 1914	3	1,226	8.45	Morris				
	May 11, 1914	2	1,346	8.40	Swift	2	1,302	8.40	Swift.
ner	May 19, 1914	3	1,109	7.90	do	3	1,100	7.90	Do.
	May 19, 1914	2	1,318	8.25	Morris	2	1,358	8.20	Morris.
	Nov 10, 1914	5	994	7.00	Swift	5	974	7.00	Armour.
	Nov. 18, 1914	5	975	7.15	do	4	980	7.15	S. & S.
	Feb. 14, 1915	5	1,275	7.80	do	4	1,300	7.80	Cudahy.
	Feb. 14, 1915	3	1,302	7.80	Morris				
	Feb. 14, 1915	3	1,152	7.40	Swift	4	1,168	7.40	Morris.
.Chris-	Apr 21, 1915	2	1,191	7.65	do	3	1,162	7.65	S. & S.
Son	May 25, 1915	4	1,349	8.60	Morris	4	1,270	8.60	Morris
	May 26, 1915	1	693	9.10	Swift	2	683	9.10	Armour.
	May 31, 1915	2½	1,322	8.60	do	5	1,323	8.65	Morris.
	May 31, 1915	2½	1,321	8.60	Morris				
	June 22, 1915	4	1,281	8.90	Swift	5	1,302	8.90	Armour
nnings	July 13, 1915	5	898	7.00	do	6	895	6.90	Do.
						7	899	6.90	Cudahy.
	Aug 4, 1915	2	1,175	8.40	Armour	2	1,191	8.40	Morris.
Son	Aug 23, 1915	4	1,090	7.00	Swift	4	1,113	[2]7.00	Armour.
	Aug 23, 1915	2	907	6.85	Morris	2	949	6.85	Cudahy.
V.	Aug 25, 1915	4	875	6.90	Swift	4	885	6.90	Do.
	Aug 25, 1915	2	1,040	7.20	do	4	1,000	7.45	Feeder buyers.
	Aug 25, 1915	8	1,020	7.20	Hammond[1]	5	1,025	7.10	Do.
	Oct 19, 1915	2	1,307	8.65	Swift	4	1,287	8.65	Cudahy.
	Oct 19, 1915	2	1,311	8.65	Morris	2	1,298	8.65	S. & S.
Cattle	Oct 25, 1915	4	770	5.55	Swift	8	787	5.55	Do.
	Nov. 2, 1915	2	1,344	8.25	Morris	2	1,366	8.25	Do.
s.	Nov. 24, 1915	2	1,282	7.60	Hammond[1]	3	1,292	7.60	Morris.
	Dec 15, 1915	2	1,347	7.40	Morris	2	1,341	[2]7.45	Cudahy.
	Jan. 10, 1916	1	1,354	7.55	Hammond[1]	2	1,356	7.65	S. & S.
	Jan. 18, 1916	2	1,030	6.90	Swift	3	1,068	6.90	Swift.
	Jan. 18, 1916	2	1,046	6.90	Morris	1	945	7.00	Feeder buyers.
	Feb. 7, 1916	2	1,269	7.60	Swift	2	1,284	7.60	Morris.
ilkens	Feb. 21, 1916	2	1,300	7.70	do	2	1,233	7.70	Armour.
	Feb. 21, 1916	2	1,398	8.00	Hammond[1]	2	1,404	8.00	Do.
	Feb. 28, 1916	2	1,276	8.15	do[1]	2	1,274	8.15	S. & S.

mond plant at St. Joseph, owned by Armour & Co. [2] Omaha.

9. "Wiring on."

a shipper or producer is dissatisfied with the prices offered irst market to which he has shipped, and decides to try an- he big packers send telegrams over their private wires noti- heir buyers at the second market that the cattle are being , and giving the price bid at the first market. The packer at the second market bid at prices no greater, and often less, ose offered the shipper at the first market, thus causing him

to lose the freight and the shrinkage in the weight of his stock. Attention is here called to this practice of "wiring on" in its relation to collusive buying.

"Wiring on" has discouraged shipments of live stock to second markets and thus has enabled the big packers more easily to control prices. Shippers and commission men have experienced the effectiveness of the packers' practice in this matter, and as a result, shipments to second markets are now infrequent.

"Wiring on" could not be effectively exercised without concerted action on the part of the big packers. Suppose that only the Swift buyers knew a certain lot of cattle for sale in Chicago to-day had been offered for sale at St. Louis yesterday and that this information had been withheld from the other big packer buyers. No matter what attitude the Swift buyers might exhibit toward this lot of cattle their purpose to penalize the shipper by offering him a low price at Chicago would be of no effect if Armour, Morris, and Wilson buyers were free to purchase the animals on their merits.

Following is a typical "wiring-on" message:

Private Wire Telegram.

St. Joe, *Oct. 26th, 1919.*

To Leavitt [Swift's head cattle buyer, Chicago.]

D S & V forwarded today noon via Burlington 5 cars heavy natives dehorned mostly white faces with few black cattle on them bid 890 for Monday held at 915 billed M F Clay to same Laclede Mo. Think these cattle will go to either Chgo. or St. Louis.

Vance [Swift's cattle buyer, St. Joseph.]

CHS—Went to St. Louis.
LFS W. Leavitt—10/27
EFS

"D. S. & V.", forwarder of these cattle, no doubt is the Drinkard, Sager & Vallery Commission Co., at St. Joseph. The telegram gives a detailed description of their cattle, and also advises that they were "billed M. F. Clay to same Laclede, Mo.," which information evidently was given to enable the packers to spot the shipment. Thus, in spite of Clay's "blind billing," these five cars were detected as is indicated by Leavitt's note, "Went to St. Louis."

A number of ex-packer buyers said that information of the nature contained in the above telegram is generally in one way or another communicated to the buyers of the different packers and used by them to penalize shipments to second markets.

An examination was made of a large number of telegrams and office memoranda to Swift & Co. executives reporting the results of numerous sales to Swift & Co. and to other big packers of cattle forwarded to Chicago, Kansas City, and St. Louis from a first market.

These reports show that of the second-market sales to the big packers by far the larger number were at prices below those offered at the first market; and taking into consideration shrinkage and forwarding expenses, practically all of them represented losses to shippers.

The following are typical of the data analyzed:

CHICAGO, *August 25, 1916.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR:—Wm. Murphy forwarded from St. Louis Tuesday, the 22nd, 4 cars cattle—sold Chicago Thursday, the 24th:

Bid St. Louis Tuesday, the 22nd	Sold Chgo. Thurs. 24th
100 native steers 7.10	100 native steers 6.75 Armour

Yours respectfully,

E. A. TAMBLYN

S'PS
Copy to LFS EFS

NOV. 9TH, 1916.

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR:—Drum Commission Co. forwarded from St. Louis, Nov. 8th—to Chicago—1 car native steers as follows:

Bid St. Louis Nov. 8th	Sold Chicago Nov. 9th
1 car 22 native steers 10.35	4 at 8.00 18 at 10.15 to Morris

Fry Hanna Harrison forwarded from St. Louis Nov. 8th—to Chicago—1 car native steers as follows:

Bid St. Louis Nov. 8th	Sold Chicago, Nov. 9th
1 car 22 native steers 8.75	22 avg. 155# 8.75 Hammond

Yours respectfully,

W. LEAVITT

LFS EFS

CHICAGO, *Nov. 24, 1916.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR: Drumm forwarded from St. Louis Thursday, Nov. 23rd, to Chicago the following:

Bid St. Louis Nov. 23rd	Sold Chicago Nov. 24th
1 car native steers 9.00	1 car native steers 8.75 Wilson

Yours respectfully,

W. LEAVITT

LFS EFS

CHICAGO, *Nov. 21, 1916.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR:—Clay Robinson forwarded from St. Louis Saturday, the 18th, 3 cars texas—sold Chicago Monday, the 20th:

Bid St. Louis Saturday 11/18	Sold Chicago Mon. 11/20.
3 cars 75 coarse texas 7.00	75 texas 1018# 6.85 Swift

Yours respectfully,

W. LEAVITT

WL'PS
Copy to LFS EFS

CHICAGO, *Dec. 5, 1916.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR: Clay Robinson forwarded from St. Paul, the 1st, 15 loads cattle—sold Chicago Monday, the 4th.

Bid St. Paul Friday, Dec. 1st.	Sold Chicago Monday, Dec. 4th.			
Bid 7.50 for one load	71 average	1130#	7.55	Hammond
Bid 6.50 to 7.75, making average	29 "	971#	6.85	"
bid price about 7.25	34 "	906#	6.70	Morris
	24 "	1061#	6.75	"
	68 "	1131#	8.15	Independent
	17 "	1235#	8.15	"
	58 "	1104#	7.40	Morris

S*PS
Copy to LFS EFS ELW

Yours respectfully,
W. LEAVITT

CHICAGO, *May 28, 1917.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR: C. W. Jewel forwarded from St. Paul Saturday, the 26th, one car steers, sold Chicago to-day:

Bid St. Paul Saturday 5/26		Sold Chicago Monday 5/28	
22 steers	12.00	22 steers 1132# Swift	11.75

WL*PS Yours respectfully,
Copy to LFS EFS

W. LEAVITT

CHICAGO, *Dec. 31, 1917.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR: S. Nelson, speculator, shipped from St. Paul Thursday, the 27th, one car cattle; sold Chicago Monday, the 31st, as follows:

Bought St. Paul Thursday 12/27	Sold Chicago Monday 12/31.			
23 cattle 8.75	15 steers	918#	9.25	Daniels
	4 cows	897#	7.50	Armour
	3 "	883#	6.00	"
	1 bull	600#	7.00	Libby

Yours respectfully,

W. LEAVITT

WL'PS
Copy to LFS EFS

Following is a report by W. Leavitt of Swift & Co., representing sales of forwarded cattle made at Chicago, June 21, 1916, both to independents and to big packers:

CHICAGO, *June 21, 1916.*

Mr. CHARLES H. SWIFT,
General Office.

DEAR SIR: D. S. & V. forwarded from St. Joseph Monday the 19th, 3 loads horned texas which sold here as follows:

Bid St. Joseph June 19th		Sold Chicago June 21st	
3 cars horned texas bid	8. 75	3 loads horned texas	8. 90
held	8. 90		S & S

National Live Stock forwarded from St. Louis Tuesday, the 20th, one load cows which sold here as follows:

Bid St. Joseph June 19th	Sold Chicago June 21st
Bid St. Louis June 20th	Sold Chicago June 21st
1 load native cows bid 6.40	1 load native cows 6.75 speculators.

Cooper & Sons forwarded from St. Louis Tuesday, the 20th, 1 load cattle sold here—

Bid St. Louis Tuesday the 20th	Sold Chicago June 21st
1 load cattle bid 9.25	1 load cattle 9.00 Hammond

Afterwards could not get price.

Warren & Co. forwarded from St. Louis Tuesday, the 20th, 2 loads cattle—sold here today—

Bid St. Joseph June 19th	Sold Chicago June 21st
2 loads cattle bid 9.30	

Afterwards could not get price.

Ed. Warham forwarded from St. Louis Tuesday, the 20th, 2 loads cattle—sold here today:

Bid St. Louis Tuesday the 20th	Sold Chicago June 21st
2 loads cattle no bid	2 loads cattle 9.90 S&S

Yours respectfully,

W. LEAVITT.

S'PS
Copy to LFS EFS

The shipper who refuses to accept the price offered at the first market has a chance to sell his live stock on its merits to small packers, order buyers and traders, but, as indicated by the sales above analyzed, the chance is slight.

Section 10. "Making" the daily market.

The foregoing packer letters, telegrams, and office memoranda, besides showing activities in dividing live-stock receipts, in making "part purchases," in handling "split shipments" purchases, and in "wiring on" when live stock is reshipped, also show that the big packers act in concert to make and control the market.

The "making" of the daily market, as established by packer documents, and statements of live-stock commission men and packer buyers, may be summarized thus:

1. That independent packers, order buyers, and traders, no matter what time in the morning they begin buying, or what prices they offer, whether higher, lower, or steady, are not generally of sufficient influence to establish the market for the day. The market is "made" at the principal buying centers only when the big packers begin to make their purchases.

2. That it is the rule of the big packers to have their buyers enter the market at the same time and to exhibit the same attitude toward the market, thus "making the market." Exceptions to this rule are rare.

Evidence that the big packers act together to depress and break the market lies in the fact that they frequently all stay off the market until 10, 11 o'clock, or even after the noon hour. This method will be given consideration later. It is sufficient here to show that the big packers engaging in late buying act together.

In most, if not all of the big buying centers, the official market opens at 8 o'clock daily. The order buyers, traders, and small packers, or "independent packers" usually enter the market quite consistently at 8 o'clock or near that hour. But the big packers do not always begin buying at 8 o'clock. At times conditions are such that their interests are better served by early buying. At other times, when they decide to "bear the market," they come out from their several buying offices and enter the yards at 10, 11, or after noon, usually together or within a very few minutes of one another.

Producers everywhere complain of this packer practice because much of the violent price fluctuation evil may be attributed to it. Producers in various conventions have protested and petitioned against late buying.

However, the packers have not abandoned this feature of their buying methods. It was found that it is frequently and effectively used currently.

The big packers' late buying and other market-control methods were impeached by the commission firms of Chicago in 1916 when they sent the following protest to Swift & Co., Armour & Co., Morris & Co., and Wilson & Co., Inc.[1]

CHICAGO, ILL., *April 11, 1916.*

To the Packers:

We, the undersigned live-stock commission merchants on the great Chicago Live Stock Market, representing literally thousands and thousands of producers of live stock and dealers

---

[1] Cudahy Packing Co. does not operate a slaughtering plant at Chicago.

therein, join in sending you this protest; First, against methods that have been used lately to influence violent price fluctuations, apparently not warranted by the natural operations of supply and demand; Second, against the conditions under which the market is now forced to operate.

For some time past, actions have been witnessed on the part of large purchasers of live stock that seemed to be unfair and unjust, and time and time again undue advantage has been taken of the sellers of all kinds of live stock.

There is apparently no good reason why the buyers representing the larger packing interests should refuse to go out and bid on and try to buy stock until a late hour in the forenoon, as has been the custom for the past several years, and in many instances until after the noon hour.

We contend that such methods, employed to retard the progress of the market, have been very much to the disadvantage of the producers, the commission merchants, and the banks doing business, at the stockyards and the Stock Yards Company. It was formerly the custom for more than twenty years to open the cattle market about 9 o'clock in the morning, and in a great many cases consignments of cattle were sold considerably before that hour, and it was not unusual for the entire receipts of hogs to be sold and weighed by 9 o'clock. The shippers received returns for their stock on the same day it was sold, and business was generally conducted in a much more satisfactory manner.

We, as commission merchants, are not seeking for any favor or looking for any advantage for ourselves. All we desire is the same fair and square treatment that we have given you for the last forty years, but we believe that you owe it to yourselves and to us, as well as to the producers of live stock, to so use your great influence to strengthen and build up the public live stock markets of the country, and to improve your standing in the estimation of the live stock community of the United States.

Yours truly,

[Signed by 74 commission firms of Chicago.]

This petition was not made public but was sent only to these four packers. Even with this precaution to avoid offending the packers at least one commission firm that is known to be cooperating closely with the big packers refused to sign it. However, endorsed by 74 of the 86 commission firms of Chicago, this appeal represents practically the unanimous verdict of these business men. As the big packers are the commission men's largest customers, this accusation would not have been made except with grave provocation.

Telegrams from the packers' files show that the big packers together make the market, regardless of the attitude of other independent influences.

Below are telegraphic buying instructions dated February 22, 1918, sent from Swift's offices in Chicago to his buyers at various points:

17 J C FEB 22nd 18
Hogs opened 40/50 higher trying buy steady yesterday average
SWIFT

FEB. 22nd 18
W 5 *Ft Worth St Paul*
40/50 higher than yesterday cost [caused] by shippers and speculators We are trying steady at yesterday average

St Paul Soo City Feb 21
249 – 16.62
250 – 16.65
243 – 16.65

OVERMAN
2/22/18

LAUER *Milwaukee Wisc.*
38000 hogs marked [market] 15 to 20 higher than yesterday Close top 17.50 Packers trying for steady
OLSON

The first telegraph signed Swift to "17 J C" (apparently a code address) gave merely the information "Hogs opened 40/50 higher. Trying buy steady yesterday average." This means that the hog market opened 40 to 50 cents per hundredweight higher and that an effort was being made to buy "steady," that is at the average prices of the day before. It amounts to an instruction to "17 J C" to buy steady.

The second telegram from Overman, Swift's head hog buyer at Chicago, to "W 5 Ft Worth St Paul" (apparently addressed to several markets) conveyed additional information in the statement "40/50 higher than yesterday cost by shippers and speculators." The word "cost" in this telegram evidently should read "caused." If so, this sentence means that the shippers and speculators had started buying hogs at the opening of the market, thus producing a rise of 40 to 50 cents per hundredweight. Evidently the telegram gave the buyers at these markets the same instructions that were given to "17 J C," namely, to buy "steady."

The third telegram, in the sentence, "Packers trying for steady," illuminates the two preceding telegrams and shows that the force trying to bring prices down to the previous day's level was the "packers."

The following three telegrams illustrate making the market through "late buying":

FEBRUARY 21ST 18

WEST 5 *Fort Worth St Paul*

Small packs [independent packers] buying few hogs steady Big packers nothing yet

St Paul Soo City Feb 20
231–1653
236–1655

OVERMAN

FEBRUARY 21ST 18

(81) K C *So Om St Louis*

Try buy hogs lower and improve spread We are trying buy 15/25 lower K C buy around 2000

So Om	"	"	2000
St Louis	"	"	2000

G. F. SWIFT, Jr.

FEB 21ST 18

ST JOE FT W

Wired K C as follows

Try buy hogs lower and improve spread We are trying buy 15/25 lower

G F SWIFT Jr.

The first telegram signed Overman was evidently sent some time after the market opened and conveys the information " Small packs [independent packers] buying few hogs steady. Big packers nothing yet." In other words, the small packers are buying slow at the previous day's prices, but the buyers for the big packers are holding off the market.

The second telegram, that from G. F. Swift, Jr., to Kansas City, South Omaha, and St. Louis, transmits the day's instructions: " Try buy hogs lower and improve spread," and then continues, " We are trying buy 15/25 lower." This means that the big packers who had been holding off the market were now beginning to buy and were trying to force the market 15 to 25 cents lower than the price at which the small packers had opened it.

The third telegram to St. Joe and Fort Worth shows that the buying orders to the different markets are substantially the same.

The telegrams below sent by Garry, head hog buyer for Cudahy Packing Co. at Kansas City, to " G C S " (G. C. Shepard, vice president of Cudahy Packing Co., Chicago) and to " M R M " (M. R. Murphy, general superintendent of Cudahy Packing Co., Omaha)

show how the packers at Kansas City beat down hog prices through late buying:

The Cudahy Packing Co., Rush telegram via Private Wire.

FEB. 14, 1918.

KG [KC]
GCS MRM
Shippers and Specs Mkt 25 higher than yesterday's close 1575–16 [15.75–16.00] packers doing nothing yet Rects 18000.

GARRY

This telegram shows that the hog market at Kansas City opened with the shippers and speculators paying 25 cents per hundredweight more than was paid at the close of the market the day before, that the receipts were 18,000 head, and that the big packers were staying off the market.

At 10.55 a. m. on that day the market had dropped 15 cents per hundredweight since the sending of the first telegram, being only 10 cents higher than the day before instead of 25 cents higher. This is shown by the following telegram by Garry, which also says that he had bought "1000 [hogs which] cost 90 [$15.90 per hundredweight]":

The Cudahy Packing Co., Rush telegram via Private Wire.

FEB. 14, 1918.

KC
GCS MRM
1055 AM market 10 higher Yesty. close and 40 higher yesterdays low time top 1610 bot 1000 cost 90 50 cars back will go slow on balance.

GARRY.

The next telegram shows that at noon the same day the market was 10 cents per hundredweight lower than the opening price and that Garry had bought 1,500 hogs at $15.90 per hundredweight and that "M" (Morris) had bought 3,500, "S" (Swift) and "W" (Wilson) 2,500 each, and that "A" (Armour) was still holding off.

The Cudahy Packing Co., Rush Telegram via Private Wire.

FEB. 14, 1918.

KC
GCS MRM
Noon—about 10 lower than early bot 1500 cost 90 M 3500 S & W 2500 each A none yet.

GARRY.

The fourth telegram, 2.10 p. m., shows that the price was still 10 cents per hundredweight lower than the early opening and that

Garry had bought 3,300 hogs averaging 220 pounds at $15.85 per hundredweight, that "A" (Armour, who had now commenced buying) had bought 2,000 so far, that "S" (Swift) and "M" (Morris) had bought 3,500 each, and that "W" (Wilson) had bought 3,000.

The Cudahy Packing Co., Rush Telegram via Private Wire.

FEB. 14, 1918.

KG [KC]
GCS MRM
210 PM closed 10 lower than early top early 1610 late 1600 bot 3300 Avg. 220 cost 85 A 2000 so far S & M 3500 each W 3000.
GARRY

The above series of telegrams indicates that the big packers by holding off the market at the opening depressed the price, so that instead of 25 cents higher than the day before it was at 10.55 a. m. only 10 cents higher and that, by Garry's going "slow on the balance" and Armour continuing to hold off till afternoon, the market at 2.10 was "10 lower than early."

THE INTERNATIONAL MEAT POOL.

Section 11. Evidence of renewal (June, 1914) of pool for meat exports from Argentina and Uruguay.

The Black Book memoranda of Germon F. Sulzberger, already described (pp. 35–36), are not limited to a record of the American meat combination, but cover in equal detail the International Meat Pool formed by the Armour, Swift, Morris, and Sulzberger interests in combination with certain British and South American concerns to regulate and divide the shipments of beef and mutton from South America to the United States and certain foreign countries, particularly England.

THE OLD POOL, 1911–1913.—In 1911 an agreement, referred to by Sulzberger as the "old pool," had been made by the seven large packing companies operating in Argentina and Uruguay, providing for the regulation of the total export shipments and for the proportion each was to ship, as determined by meetings held from time to time. This pool broke up in April, 1913, because the La Blanca Company, owned jointly by Armour and Morris, demanded a large increase in its percentage. The Argentine press at the time stated that the break was caused by the insistence of the American companies on increasing their exports to the United States as soon as the tariff was removed. The result of the break in the agreement was an almost immediate increase in Argentina cattle prices.[1]

[1] See Part I for an account of the American packers' activities in Argentina.

"BLACK BOOK" MEMORANDA.—*Negotiations, April–May, 1914.*—Early in 1914, negotiations for the renewal of the pool were held, and it is to the meetings at which the new agreement was perfected that the memoranda in the Black Book refer. The principal meetings, attended by delegates from the American companies, were held in London, but these were supplemented by meetings and discussions among the big American packers in Chicago.

The notes on the meetings as recorded by Germon F. Sulzberger in the Black Book tell the story of the perfecting of the pool, as follows:

MEETING WITH WILLIAMS [ARTHUR MEEKER, VICE PRESIDENT OF ARMOUR & CO.] AT HIS DOWNTOWN OFFICE, APRIL 22, 1914.

He read me the following figures as having been spoken of in England, being the figures for Argentine and Uruguay included:

A. [Armour, La Blanca plant, owned by Armour and Morris]	16.80
S. [Swift La Plata and Uruguay plants]	39.49
R. P. [River Plate Fresh Meat Co., English owned]	10.69
Sansinena [Argentine company, with plants in Argetina and Uruguay]	11.07
F. A. [Frigorifico Argentino Central, operated by Sulzberger]	7.26
Nelson [James Nelson & Sons Ltd., English owned, Las Palmas plant]	9.86
Smithfield [Smithfield & Argentine Meat Co., Ltd., English and Argentine owned]	7.46
Total	102.63

He also advised me that Sansinena had now raised their figures and were asking 14.53.

Also stated for the last ten weeks F. A. ran only about 6% of the total. The actual figures of the F. A. for 1913 were 5.10, to which had been added 3.12, making 8.22 for Argentine alone.

He stated that La Blanca for January had shown $122,000 profit.

I asked regarding Swift having taken Royal Mail space ten year contract. He stated he had not heard this, but had heard that Swift had renewed their existing contracts for England for a further ten year period.

He mentioned his land at La Plata and said he had been advised from Pierce that our man had gone over it. I explained that our man had gone over it at his own instigation and that he had reported to us in a generally favorable way; however, that we were not yet ready to finally discuss this. Williams [Meeker] wanted to know how much land we would like and he explained that they had completed a sewer, which cost La Plata and Armour were dividing, and which would cost approximately $200,000 gold.

He said La Plata had advantage over La Blanca amounting to $150,000 gold, annually, being difference in costs due to lighterage, etc.

He stated beside this they had received advice from their man White [F. E. White, vice president, Armour & Co.] in London that La Plata beef was bringing 1 shilling over La Blanca or others on account of better general appearance and condition. This he claimed due to last point of loading and the lesser time in transit.

He stated La Plata had to say considerable under their concession, that, however, the Armour land was free and clear and wholly owned by them.

They claimed to have had no trouble in their foundations, piles driven did not give, and there was no difficulty experienced.

He stated that they would not give up to F. A. [Frigorifico Argentino Central, i. e., Sulzberger], that Friday would be the last meeting, after which their man would be recalled; that since the F. A. had asked for more Sansinena had also made a further request, but that they felt sure they could get the Sansinena in line.

I told Williams [Meeker] we in no sense recognized 1913 as a basis for a normal year, that during this period conditions were disturbed, unsettled, and entirely abnormal; that the F. A. plant itself was closed four months; that shipments were admittedly entirely out of all reason and excessive and that trade conditions were disturbed.

Williams [Meeker] stated that no one was willing to agree to F. A.'s [i. e., Sulzberger's] request. I stated this was wrong, as some of the people were willing to grant F. A.'s request to which he answered that if others were they could, but that La Blanca [Armour and Morris] certainly would not.

I said this year would be no more taken as a criterion for us than 1913 for the butchers in New York.

He stated our shipments were only running 6% for ten weeks in England. I stated that if the market in England, which was now about 8¢ got down to 7¾¢ or lower our shipments might only run 3%; that this in itself would form no criterion; that if conditions were good we would do more business, if they were bad we would do less, unless there were some other definite results coming from the London meetings.

I left the matter in the shape that I told Williams [Meeker] this was our final idea, and I could not see my way to change it. That, however, I would see Sanford [Armour] in New York.

I asked Williams what would be done regarding dead freight and he said he did not know. The last time this matter came up there was no dead freight, as for those who gave up space there were those who found use for it.

He explained regarding H's [Swift's] plant in Australia that this was located in a district with twelve other plants and was built of such size and capacity that in order to run it would require about three quarters of all the cattle in the district, and that surely these twelve other plants would not shut down and allow H [Swift] to get these plant requirements.

He stated that the 5,000 cattle he killed at Adelaide lost considerable money, due, he claimed, to not realizing values for the offal and by-products, as well as excessive charges at the government plant made at this point. As they only run a few months of the year they charge all over-head and administrative for all of the business done during those 4 months, which made consequently high cost. Williams said they had done this business merely as a trial, thinking they might scalp a profit.

Williams [Meeker] seemed anxious that we buy land from him. Claimed their land was good and exceptional, that they would

sell some this year and that at the present moment Standard Oil were investigating some of their land at La Plata.

Williams claimed total last week for them about 35 plus in the United States.[1]

G. F. S.

MEETING WITH KLEE [MORRIS REPRESENTATIVE] AT HIS OFFICE, MAY 7, 1914.

The Argentine matters were spoken of, but nothing definite. Mr. White [F. E. White, Armour & Co.] will return Saturday, at which time matter will be taken up with him.

Klee [Morris representative] claimed there was a difference between Swift and Sansinena [native Argentine company] regarding Uruguayan shipments, Sansinena claiming half of the total, whereas their business showed so far only about half of Swift's business for Uruguay.

[2] Regarding New York, H [Swift] wanted included sheep and lambs killed down there in the total purchases, but Sanford [Armour] does not want this. I suggested in some way limiting or including Harrison. [Probably] Harrison Ave. plant of Swift at Kearny substation of Newark, N. J.] I stated that we had done less business last year in New York on account of poor showing.

G. F. S.

Completion of arrangement, June, 1914.—The notes of the meeting of June 4, 1914, at which the newly adjusted International Pool arrangements were discussed, drop the code and give the proper names of those present. One of those present was F. E. White, who had been the Armour representative at the London meetings.

MEETING HELD AT ARMOUR'S OFFICE JUNE 4TH, 1914, A. M.

Present: Messrs. White, [F. E. White, Armour & Co.], Wilson [T. E. Wilson, then president of Morris & Co.], and Edward Swift.

I explained regarding Lamport [Lamport & Holt, big shipping company] space to States, also misunderstanding in regard to mutton.

I stated that our June shipments to States were 227 tons chilled and 120 tons frozen, and from July should be about 180 tons weekly up to October 1st, 1914, and from then it would be 250 to perhaps 350 tons weekly up to July, 1918. They questioned statement of 350 tons weekly and said they thought this was an error, probably coming on only fortnightly beats, which are starting in after October and which are probably all frozen.

La Blanca [Armour and Morris] stated they had 500 tons from July on and probably 555 to 560 tons from October on up to 1918.

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[1] This refers to margin on beef sales.

[2] This paragraph refers to the packers' live-stock pool in the United States. See p. 58.

La Plata [Swift] contract with Lamport & Holt is they are to receive one-third of total space, this covering both Uruguay and Argentine plants. I stated I thought this a little excessive for Swift.

MUTTON:

No one thought this item of any particular importance or interest as they had found business unprofitable, excepting at a certain particular season of the year. While Patagonia [New Patagonia Meat & Cold Storage Co., owned by Swift] is not included, no mutton can be shipped from there now, it not being the season until December.

BEEF:

They also stated percentages which had been allotted us on beef for England were as follows: Up to Sansinena [Sansinena Frozen Meat Co., Ltd.] contributed equally by everyone; difference up to one-half of La Blanca contributed by Nelson [James Nelson & Sons, Ltd.], in which they thought probably Poels [P. J. Poels, director, Smithfield & Argentina Meat Co.] had also contributed.

SHEEP AND LAMBS:

The understanding had been that these were to remain as in the old pool previous to April, 1913. Understanding was that sheep from Uruguay not to exceed 20,000 weekly up to October of this year. As far as the Argentine sheep were concerned, no one cared for this business, as it was not profitable at the moment.

There is no understanding that Uruguay is entitled to 25% of total Uruguay Argentine sheep; these figures happened to come out in this way at this moment. After six weeks Argentine may or may not be increased without a corresponding change in Uruguay figures; the understanding being simply that Uruguay mutton shipments are not to exceed 20,000 per week up until October, whereas the 60,000 carcasses per week for Argentine extend only for a six weeks' period.

As regards mutton for the United States, this is entirely unlimited.

Regarding beef to the United States, it was understood that Lamport & Holt would give Sansinena space equal to the River Plate [River Plate Fresh Meat Co., Ltd.] space.

I stated that the United States shipments as arranged figured about as follows, which figures were made note of:

	[Per cent]
La Plata [Swift]	32.23
Uruguay [Swift's Uruguay plant]	
La Blanca [Armour and Morris]	23.02
River Plate [River Plate Fresh Meat Co.]	11.97
Sansinena [1]	
Sansinena Uruguay [1]	
Smithfield & Argentine [Smithfield & Argentine Meat Co. (Ltd.)]	11.05
Nelson [James Nelson and Sons (Ltd.)]	11.97
F. A. C. [Frigorifico Argentino Central (Sulzberger)]	9.76
[Total]	[100.00]

[1] [No percentages are given for Sansinena, an Argentine company with plants in Argentina and Uruguay. See second preceding paragraph, paragraph following the list of percentages, also first paragraph of memorandum of afternoon meeting of June 4, 1914.]

I stated in reference to these figures that there would be some change on account of Sansinena not being included.

I stated we were not satisfied with our figures, which they explained however, were all that could fairly be asked.

G. F. S. [Germon F. Sulzberger]

MEETING AT ARMOUR'S OFFICE JUNE 4TH, 1914, P. M.

Regarding the Lamport [Lamport & Holt, big shipping company] space to the United States, it is understood that Lamport have space they are holding for Sansinena, which will be allotted to them. Therefore no further reductions will be made from the parties now holding space.

I stated that I would cable Archer [Sulzberger's London representative] accepting arrangements as made by meeting on mutton and beef, but if possible we would try to trade with others regarding more mutton. However, I wanted a distinct statement from Sanford [Armour] and Klee [Morris] that they were not directly or indirectly interested either in Moon's [Swift's] or in any other packing plant in Australia. Both made this statement. I stated I wanted this as I was closing the English arrangement in order to meet the desires of the majority, but I wanted to feel that the majority in this matter were in no different position than we were.

I asked Moon [Swift] whether he had not told S. G. that he would not take Royal Mail ten-year space, and he stated that he had not made any such statement and continued to repeat positively that he had never made this statement to S. G.

Sanford [Armour] says showed plus 10 last week, but worse this week.

Question of Eastern killing of sheep and lambs, whether or not this be included, was discussed but not decided. Klee [Morris representative] claimed export cattle 1910 should be included, Sanford opposed. I stated that this was more than the mere purchasing of stock.

Export figures for 1910, according to Sanford, showed the following:

Armour	2700
Morris	43000, excluding 17,000 exported from Canada.
Swift	17000
S & S	13000

Klee figures, including exports, 18.10. Sanford claimed this figure should be excluding exports 17.59. Sanford shows 11.79, excluding exports, as against 11.73 excluding exports for Sand. [S. & S., i. e., Sulzberger & Sons Co.]. Klee claimed account beef formerly exported by others having included therefore cattle exported 1910 should also be included. Sanford claimed this incorrect.

G. F. S.

ction 12. Indications of profitable dealings with allied Governments and Argentine producers.

The above quoted memorandum of the meeting of June 4, 1914—me two months prior to the beginning of the war—explains the ternational meat pooling arrangement as of that date. The next ack Book memorandum dealing with affairs abroad, dated April 22, 15, indicates some of the foreign developments growing out of the ar as they affected the American packers, and also gives figures of ofit. The question whether Armour's new Argentine plant "would sturb existing arrangements" was discussed.

MEETING WITH SANFORD [ARMOUR], HIS OFFICE, WEDNESDAY, APRIL 22, 1915.

I went to see Sanford [Armour] to-day, and he told me that he had had an offer FOB New York, at 11½¢ for beef, from France, and that he was holding it now for 12¢. He also said that he had sold Zinal Beef, in France, at 13¾¢ which netted 11¢ N. Y.

When I asked him how much goods he had had held in England, he said that it amounted to about four and one-half millions. I explained that I thought the British Government had acted unfairly in this matter, as they had made us discontinue all shipments after the 15th of April, with the understanding that they would settle for all goods held up to that time. As yet nothing has been done, and if they did not take the matter up soon, I thought we should ship again. He agreed to this, and telephoned White [F. E. White, vice president of Armour & Co.] and told him to telegraph Spring Rice [the British Ambassador at Washington] to that effect, and he would sign his own name to it.

In answer to my question as to whether he was building in Australia, he said that he was not, and that furthermore they did not own any land. Morris however has purchased some land there. He said that the cattle there was costing to-day 8½c. in the beef, and that White said that "H" [Swift] showed a profit of $12 per head, and they were killing 400 head daily. He said that the plant had cost "H" [Swift] over $3,000,000. Sanford [Armour] said that he sold no canned meats, as he thought they were in poor standing, and that this to his opinion was due to the fact of his local canning plant in England. He bid eleven shilling on the last order.

He expects that the new Argentine plant will operate by July. I questioned him if he thought this would disturb existing arrangements. He said that he did not think so, as all the Plant's output had already been contracted for. From this I infer that there is a Special contract between them and the British Government.

The boats that he is having built have been greatly delayed, anyway by reason of the government having commandeered all ships, and therefore in this way all shipments are regulated. He asked me not to mention the special contracts, as they are unknown to all, and "H" [Swift] does not know of them.

He said that La Blanca [Armour and Morris Argentine plant] showed a profit of £55,000 for March, and I told him that F. A.

[Sulzberger's Argentine plant] had shown $90,000 profit. I told him that we had made a million dollars profit from January to April.

* * * * * * *[1]

Referring to the English Seizures he said he felt assured that the British Government would pay him in full.

A Black Book memorandum of a meeting between Sulzberger and Armour, July 7 (1915), refers further to profits of the "L. B. plant" (La Blanca, owned by Armour and Morris) and the "F. A" (Frigorifico Argentino Central, operated by Sulzberger.)

MEETING WITH SANFORD [ARMOUR] AT HIS OFFICE JULY 7TH, [1915].

I explained the result of New York negotiations and also told him of the conversation held with Moon [Swift]. He assured me that he had not had any communication from Moon [Swift] on this subject. He advised that the L. B. [La Blanca] plant had shown 600 right last month and would show equally well this month. I told him that F. A. [Frigorifico Argentino Central] had shown 200 for this period.

His last month on Chas. showed 30c. less per head.

He had made two separate shipments of live cattle netting 15¾ c. i. f., the first shipment showing $18.00 per head and the second $10.00 per head right, but that no further shipments would be made.

Sanford had heard that Stevens would be in the market shortly for canned meat and that he contemplating a price of 12/6.

With reference to the L. P. [Armour's new La Plata plant] they had a firm contract for about 13,500 cattle for the first month. This contract was made with Stevens direct and was on the same price basis as the other existing contracts. This allowed them no shipments to the trade as there was no other space available.

Some time after the war began, the allied Governments found it necessary to concentrate their purchases of South American meats in a single board. How the members of the international meat pool dealt with the allied purchasing board and with the live stock producers of Argentina is indicated by the following extract from a statement made in 1917 by the president of a committee appointed by the Argentine Chamber of Deputies to investigate the cost of necessities:

They [the combination of packing companies] suppress real competition maintaining it only in appearance, and they determine by common agreement, the prices which are to be paid to producers, reserving to themselves the right to sell at the highest price possible in order to obtain enormous profits which do not remain in the country. Thus it is that these freezing companies have been able to show in their latest balance sheets

[1] Unquoted part refers to refinancing of Sulzberger & Sons Co., which subject is treated in a separate chapter.

> more than 100 per cent of profits, that is to say, that in a single year they have made more than their capital. * * * Here the freezing companies contract with the foreign purchaser, who is to-day owing to circumstances of the war, a single party, since the Allied Governments have concentrated their purchases in a central office,—and having made their agreements at prices which they raise as high as possible, they purchase the live stock from the producers, imposing upon them the law of the strongest.

The Black Book memoranda relating to the International Meat Pool are not a complete account of the negotiations; they mention only briefly the London meetings at which evidently the principal decisions of the pool were reached; they do not reveal what final percentages of the total meat exports from Argentina and Uruguay were allotted to each company [1]; they do not indicate clearly whether the pool included Australian business. They are memoranda of the discussion of those aspects of the pool that Sulzberger was particularly interested to record. Nevertheless they evidence that an international meat pool was entered into by the Swift, Armour, Morris, and Sulzberger interests, with certain foreign companies, in June, 1914; that this agreement, among other things, covered the importation of meats from South America into the United States as well as covering the trade from South America to European countries; and that the combination resulted in large profits to the packing companies concerned.

COMBINATION IN SELLING MEAT PRODUCTS IN THE UNITED STATES.

In selling their dressed meats in the domestic market the big packers no longer of necessity hold weekly meetings to eliminate competition as they did under the Veeder pool.

Their present agreement as to the division of live stock purchases results in limiting the amount of dressed meats each will have for sale in proportion approximately to the percentage of live animals purchased under the purchase agreement. By inspection of one another's branch house stocks they are enabled to prevent an oversupply of fresh meat in any market. By their exchange of information as to the "margins" on sales of meats at the different markets they are able to keep their average prices so uniform that practically every retail butcher examined on this point by the agents of the Commission, stated that for the same kind and grade of meat there is no perceptible difference in the prices charged by the different big packers. The exceptions are cases where a rotation in price cutting is practiced in order to drive an independent out of the market.

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[1] The percentages in the memorandum of April 22, 1914, totaling 102.63, were clearly tentative figures used as a basis of discussion at London; and the percentages indicated in the memorandum of June 4, 1914, as agreed on, covered apparently only space for beef exports to the United States.

Section 13. Sales organization of big packers.

District managers.—Each of the five packing companies divides the United States into sales districts—such as the Philadelphia district, the New York district—and for each there is a district manager who has charge of branch house sales in his district. This district manager is called "sale manager" by one of the companies and by another "general agent," but they perform the same work as the district managers do for the other companies. It is the business of the district manager to keep in touch with the trade in his territory and to supervise the work of the different branch house managers in his territory. Each district manager has several assistants, known as inspectors by some of the companies. The district manager keeps in touch with the managers of the dressed meat and other departments at Chicago by means of private-wire telegrams in reference to shipments of meats and other products, prices, and profits in his district.

The district managers are known in the Swift & Co. organization as the "general men." These "general men" or district managers of each of the Big Five are used to limit competition by keeping in close touch with each other as to prices, shipments, and profits. It is admitted by district managers interviewed by the agents of the Commission that they visit the branch houses of the other packers at least twice each week, for the purpose of inspecting them, and that their branch houses are in turn inspected by the district managers of the other big packers.

These "general men" keep prices "in line." Some of them have for years been in much the same positions which they now occupy and were the agents through whom the admitted conspiracies of the Veeder pools were accomplished.

The "general-man" policy has worked so successfully in preventing competition between the big packers' branch houses in the selling of meat products that the law department of Swift & Co. recommends to the produce department of that company the adoption of the same policy in eliminating competition in buying produce. This is shown by the following letter written by McManus of the law department of Swift & Co. to H. B. Collins, head of the produce department of Swift & Co.

Chicago, *September 22, 1915.*

Mr. H. B. Collins,
Second floor.

Replying to yours of the 20th inst., the managers have had ample instructions on the matter of making price and territorial agreements. It is evident that they occasionally overstep the instructions and transgress the law.

It is impossible from reading a letter or memorandum of telephone message to say how it would sound in a prosecution case.

There is certainly no need of houses writing or receiving letters from competitors or talking on the telephone about prices. A General Man should be able to know all about prices in a big territory and to instruct his houses specifically. I would favor this even if the General Man did nothing else and it would be possible I think to keep close enough to the General Man to be reasonably sure of safety.

I feel that the present situation is dangerous and unsatisfactory and I wish that you could bring yourself to a fair trial of the General Man policy.

R. C. McMANUS.

Law department.
R. C. M.* I. O. B.

HIGH OFFICIALS AT CHICAGO.—Correspondence from the files of the big packers show that they do not depend altogether on the "general men" to keep down competition, but that there is interchange of information between the high officials of the different companies as to conditions, prices, and profits at the different markets.[1] So by the head men of the different companies at Chicago keeping in touch with each other and by each company keeping in close touch with its general men who in turn keep in touch with the general men of each of the other companies, there is little chance for real competition springing up.

Section 14. Evidence of interchange of sales information and collusive selling.

There are four methods used by each of the large packers to reduce temporary oversupply of fresh meat at a particular market. They are:

(1) Freezing the meat;
(2) Shipping to another market;
(3) Reducing the shipment to that market; and
(4) Selling to one of the other big packers.

There can be no criticism of a packer for using either one or all four of these methods to prevent a glut in the market and to maintain steady prices, provided he does not combine with one or more of the other large packers in using them.

The following extract from the "Black Book" of Germon F. Sulzberger shows that when there was a glut in the New York market Armour & Co. agreed to reduce shipments to that market:

MEETING HELD WITH SANFORD AT HIS OFFICE, JANUARY 29TH, 1913, 3:15 P. M.

Sanford [J. Ogden Armour] seemed very discouraged with the general situation and prospects. I explained this was due, a good deal, to his own foolish tactics in New York; that the

[1] See letters hereafter quoted by A. H. Van Pelt to E. Wilson, Apr. 7, 1917, E. A. Cudahy to M. R. Murphy, Sept. 13, 1913, and numerous references in the Black Book (Exhibit 1) to information from Armour, Meeker and Morris, on margin and shipments.

situation there had been completely demoralized by his actions and that his was a very sensitive situation. He admitted that he thought they had made a mistake there but that the rest of the situation did not make him anxious to change his attitude. I explained to him that he was injuring us [Sulzberger & Sons Co.] more than anyone else there as we had larger proportionate interests. He claimed that this was not so that "H" [Swift & Co.] had larger interests but I explained to him that proportionately this was not the case. He said he had no intent to work against us and said that he would arrange now to do the following: Reduce N. Y. 10% this week, 10% next week.[1]

The large packers buy a great deal of fresh meat from each other, especially in the eastern market. The object of this intertrading is to even up the supply between themselves, or to keep prices at a high uniform level.

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Telegram

OMAHA, *June 2, 1917.*

MUNNECKE [head of Armour's beef department]

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HOWS. [R. C. Howe, Armour's manager at Omaha.]

2.12 p. m.

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Ansg. re subject hides. Our transfer prices is one cent under market. This does not more than cover hide cellar expense.

[1] Armour's shipments to New York were actually reduced in accordance with this understanding as shown by figures taken from Armour & Co.'s books.

Don't see how we can be one cent under Swift. Aren't Swift & Company deducting hide cellar expense at time of adjustment.

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Enclosure

Not only did the Cudahy Packing Co. get the test cost figures from Armour & Co. but Armour & Co. also furnished the Cudahy Packing Co. with the margin figures of profit or loss. This is shown by the following quotation from a letter which on September 9, 1913, E. A. Cudahy sent to M. R. Murphy:

I enclose you a memorandum that Mr. Shepard got from one of Armour's men, showing a comparison of test figures for Armour & Co., as compared with ours, of the different markets in which we are represented. You will note that we compare very closely with them on all the houses except Kansas City, where we show a difference of 75c a hog loss, as against their 15c a hog loss. And you will note by Mr. Hodge's message, addressed to their Chicago office, that they feel quite well satisfied about the way they are buying their hogs, and the way they are figuring out, and I don't believe that if their results were as bad as ours that Mr. Hodge would feel justified in sending any such message.

The Sulzberger Black Book shows that at the various meetings of the principals of Armour & Co., Swift & Co., Morris & Co., and Sulzberger & Sons Co., the question of margins on sales of the different companies was frequently discussed.

In giving account of his meeting with Williams (Arthur Meeker, of Armour & Co.) April 22, 1914, he says:

Williams claimed total last week for them about 35 plus in the United States.

In reporting his talk with Klee (Morris & Co. representative) on April 21, 1914, he says Klee told him that the

Total [for Morris & Co.] for the West net plus .35 last wk. New York showed poor last month.

At a meeting at Armour's office, June 4, 1914, at which were present Sanford (J. Ogden Armour), Klee (representative of Morris & Co., probably Thos. E. Wilson), Moon (representative of Swift & Co., probably Edward Swift), and Germon F. Sulzberger (representing Sulzberger & Sons Co.) according to Sulzberger's report:

> Sanford says [his company] showed plus 10 last week, but worse this week.

The following letter of E. Wilson, department manager of Armour & Co., to A. H. Van Pelt, district manager of the Boston district for Armour & Co., shows that the big packers, through both their executive officials at Chicago and their district managers at the local markets, exchange information as to the prices they receive for fresh meats. The "big competitor" referred to in this letter is evidently Swift & Co., which does a larger business in New England than any other packer.

> APRIL 5, 1917.
>
> DEAR VAN:—
>
> You know what I think of our Branch House Organization, and in saying this I do not want to put any frills on my good opinion, but when friends of yours here approach me and give me to understand that at New York, Philadelphia, Baltimore, and Washington we are leading in margins a big competitor of ours, and at the same time, point out to me that in Boston we are 32¢ worse off than they are so far this year, it puts a crimp into me. When we run into such a proposition as this, everyone of the big people around here start in to make inquiries as to what is the trouble with our organization. Now can you give me any light on this? There isn't any guess-work about the information I am passing to you,—it is authentic.
>
> Yours truly,
>
> MR. A. H. VAN PELT,
> *43 Commercial St., Boston, Mass.*

Van Pelt was little impressed with the "authentic" information as to margins in the Boston district, for he was able to get information direct from the "big competitor" and as a proof of this he inclosed a copy of it. His reply follows:

> SUPERINTENDENT'S HEADQUARTERS,
> *43 Com'l St., Boston, Mass., April 7, 1917.*
>
> MR. E. WILSON,
> *Armour & Company, Chicago, Ills.*
>
> MY DEAR MR. WILSON:—I don't know how it would be possible for us to actually sell our product 32 cts. worse than the other people for any length of time without starting a conflagration in that particular product.
>
> It seems to me the way we handle our business here and the conditions existing in this market, that it would be practically an impossibility.
>
> There are concerns here whose results may very easily be as bad as that, but I can assure you that we are in another class.

For your information, the enclosed sheet will show you the figures from week ending November 4th to week ending March 31st. Averaging all weeks as a unit basis they are minus 42 and we are minus 48; week ending January 6th to March 31st they are minus 58 and we are minus 61, but our Kosher business for several months past has affected our margins where as a rule it has helped them. Eliminating the Kosher figures would improve our showing a number of points.

This question has not been brought to my attention for a long time, but a few years ago when we used to get considerable of it from authorities at your end we frequently found that "authentic" information which you refer to did not agree with the corresponding "authentic" information which we got here. I have had a feeling here for sometime past that our business was being handled better and we were moving ahead on the right lines to a greater extent since we ceased paying much attention to what other people told us. It certainly appeals to me that it is a good business to go right straight ahead just as fast as it is consistent for us, so long as we know that we are increasing our profits in proportion to our volume. Improved facilities in this market such as I have indicated to you and others, and recently to Mr. Munnecke on his visit here, would give us a still greater opportunity to add to our assets and our prestige.

I would be glad of any further information which you may obtain on this subject, or to give you any further light from this end that may be possible.

Yours very truly, A. H. VAN PELT.

AHVP/M

[Enclosure.]

A

Week ending—			
Nov	4— 4	— 42
	11— 3	— 7
	18—39	— 26
	25—33	— 45
Dec	2—17	— 16
	9—82	— 25
	16—77	— 15
	23—52	— 50
	30—17	— 23
Jan	6— 5	Plus 14
	13—40	— 15
	20—24	00
	27—26	— 29
Feb	3—75	— 93
	10—77	— 82
	17—76	— 13
	24—92	— 80
Mar	3—83	—114
	10—76	— 63
	17—81	— 84
	24—48	— 54
	31—33	— 65
22 weeks —48		22 weeks —42
13 " —61		13 weeks —58

The apparent competition indicated in the foregoing letter is of the same character as that between branches of the same company. Because of the nature of the business, and because each district manager will do all he is permitted to do to increase his showing, there is bound to be some competition between the branch houses. The differences in carcasses, together with the differences in the judgment of men who grade the carcasses, cause variation in the quality of meat which is placed in the same grade by the branch houses. The following letter written by J. J. Maguire, branch house manager of Armour & Co. at Philadelphia, shows such competition between the branch houses of Armour & Co.:

917–925 Noble St., Philadelphia, Pa.,
March 30, 1914.

Mr. H. P. Jones, *Chicago.*

You, of course, are fully aware of the fact that Noble St. has taken over the outside territory formerly worked by the Norris Street branch. This territory was turned over to Noble Street on the 21st of March, three of the Norris Street salesmen being turned over to us.

Knowing that we have practically no competition from our own houses, we put a price of 18½ cents on these Star Skinned Hams at our meeting on Saturday, the 21st, which, as you know is a full quarter cent over your asking price, and the report shows to-day that 4,016 lbs. were sold at this figure in addition to 6,210 lbs. at your full list price of 18¼ cents.

This only bears out the contention that I have always made, that were it not for the competition from our own houses, we could get more money for our smoked meats at any stage of the game.

Yours, truly,
J. J. Maguire.

Section 15. Collusive action toward small competitors in selling meat products.

Under this head are treated cases where the packers—

(1) Make an agrement with the small packer in reference to the prices to be charged for meats;

(2) Act together to drive him out of business by reducing the prices of meats at the markets in which he sells.

Price agreements with independents.—There is an agreement on prices of dressed and cured meats at Los Angeles, Cal., between Wilson & Co., Inc., of California, Cudahy Packing Co. of California, and five fairly large local packing companies. This price arrangement is handled through Herbert D. Newcomb, a former employee of Swift & Co. For this work, together with some other alleged efficiency work for the Wilson and Cudahy companies and the five independents, Newcomb receives $285 per month, divided as follows between the packers served: Wilson & Co., Inc., of California, $55;

ıdahy Packing Co. of California, $55; Hauser Packing Co., $55; 'oodward-Bennett Co., $30; California Dressed Beef Co., $30; andard Packing Co., $30; and the Newmarket Co., $30.

At Los Angeles the price agreement, according to Newcomb's stimony, is handled as follows: Wilson & Co., Inc., of California ıd the Cudahy Packing Co. of California take the lead in advancing reducing the prices of meats, and the independents follow them. ut before any changes in prices are made Newcomb is notified of ıe proposed changes, usually a day or so in advance, and is asked notify the other packers of the decision. He then telephones the her six packing houses and tells them of the proposed changes in rices and when same will take effect.

When any one of the seven packing companies which employ ewcomb tells him personally or by telephone that a salesman from ıe of the other packing houses has been cutting prices on meats to customer of that company, he goes to the packing company comlained of and gets the facts in the case and reports them to the mplainant. In this way the packers in the agreement keep a close ıeck on each other as to compliance with the agreement.

At Tacoma, Wash., the Union Meat Co., which is jointly owned Swift, Armour, and Morris interests, is in a selling price agreement ith Frye & Co., Carstens Packing Co., and Barton & Co. The presentatives of these packing companies from time to time get gether and agree on the prices to be charged for their products the city of Tacoma. Whenever the representative of any of these mpanies concludes that the prices previously agreed upon should changed, he arranges with the representatives of the other comınies for a meeting to discuss changes. At the meetings, which re held at the Tacoma Hotel, the Commercial Club, the office of the 'nion Meat Co., or of the Carstens Packing Co., each representative rings with him a copy of the last price list, and they discuss the roposed price changes.

Prices are fixed for fresh beef, fresh mutton, fresh pork, sausage, ried salt pork, bacon, ham, and lard. On an average, meetings re held every two weeks, but they are at somewhat irregular interıls. At times, price changes are agreed upon over the telephone ithout a meeting.

The independent packers at Philadelphia regularly telephone the ranch houses of Swift & Co., Morris & Co., and Wilson & Co., Inc., nd secure the price quotations, which they closely follow.

At Cincinnati, Ohio, 10 local packers have a price agreement simiır to the one at Los Angeles. There is also a local price agreement nong the local packers at Detroit on the sale of meats.

LOCAL PRICE CUTTING TO INJURE INDEPENDENTS.—At Madison, Wis., ıe Big Five, who do business there, have taken turns in cutting the

prices on meat products in order to drive the Farmers' Cooperative Packing Co. out of business. This is shown by the testimony before the Commission of Charles H. May, manager of the Farmers' Cooperative Packing Co. On this point he said:

Question. What sort of competition do you get from them [the big packers]?

Answer. Well, I find this condition, that we are discriminated against. It is as plain as can be, only it is done in a matter of one house being in one week with instances of a discrimination on beef, and that same week one of the other houses will be in with pork prices down. The next week they will interchange.

Question. You mean by other houses, one of these five big ones?

Answer. One of these five.

Question. Will be selling beef below what it costs you?

Answer. Yes, sir; below what it costs them.

* * * * * * *

Question. Do you know the basis on which they figure their margin and figure their cost?

Answer. I do.

* * * * * * *

Question. And they take turns in selling hogs at a loss? One will be selling cattle at a loss and another selling hogs at a loss at the same time?

Answer. At the same period. I have a little schedule that I worked up here, from invoices obtained, if you want it.

Question. Yes; we would like to have it.

Answer. This was taken on the week starting 12/31/17, and ending 1/5/18. This week in particular Plankinton Co. [a Swift concern] were the beef men. During that week Plankinton Packing Co. put in a class of cattle, straight stock, from 300 to 400 pounds, which, we were getting 13½ cents for. We were classing them as 13½-cent cattle. Morris & Co., same beef, was classing them at 13 and 14 cents, and the others didn't have any in our territory. Plankinton put in this same class of cattle at 10¾ cents that week.

Question. Have you any other instances?

* * * * * * *

Answer. That same week, on pork, Plankinton's price on pork was in range with ours, and Armour & Co. were in with pork at 22 cents. Our price was 24 cents, 24½ cents, 23½ cents, and 22½ cents on the grades.

Question. For the grade you were selling at 24; what was Armour selling that week?

Answer. Twenty-two cents.

Question. What was Plankinton selling at that week on that grade?

Answer. Twenty-four cents. * * * It is an interchange. Now, the next—the following week after that—to take that week. I haven't the exhibit of it, but the following week after that, Cudahy did all the beef business in Madison.

(Public Hearings on Meat Investigation, pp. 2344–2349.)

An example of rotation in price cutting for the purpose of injuring the small competitor was found at Salt Lake City and the surrounding territory. In this territory there are two fairly large independent packing companies, the Utah Packing & Provision Co. and the Ogden Packing & Provision Co., of which the latter is the larger. Three of the Big Five do business in this territory. The Cudahy Packing Co. has a slaughtering plant at Salt Lake City, the Western Packing Co. (owned by Swift & Co.) has a branch house there, and the Colorado Packing & Provision Co. (owned by Armour & Co.) also has a branch house.

Following April, 1917, these three large packers took turns in selling meat products below cost in order to drive the Ogden Packing & Provision Co. and the Utah Packing & Provision Co. out of business. The situation in the market has on several occasions become so oppressive that the Utah Packing & Provision Co. has been compelled to close down its plant.

Another case of rotation in local price cutting by four of the big packers was found at San Antonio, Tex., where independent slaughtering companies compete with branch houses of Armour & Co., Morris & Co., Swift & Co., and Wilson & Co., Inc. One of the independents at San Antonio said to an agent of the Commission:

> Every once in a while we lose customers because they tell us they can buy cheaper from Armour, Swift, and Morris. These big fellows seem to be taking turn about at selling very cheap; if we try to keep up with them we must sell at a loss, but we can't do it. They even sell at from one to two cents below market, and I don't myself understand how they can do it. This refers to fresh meats, sausages, hams, and everything else.

Another independent packer of San Antonio said:

> I have to compete with other local packing houses but principally the worst competitors are big packing houses. I can tell you this because I know it to be true, although I hope it won't hurt me. The big packers make San Antonio a sort of a dumping ground. The fresh-meat men for Armour and Swift, who are W. C. Felzer, for Armour & Co., and J. C. Gates for Swift & Co., have both told me that their houses at Fort Worth loaded them up some times with twice as much as they ordered; that they sold as much as they could to local butchers, restaurants, hotels, and boarding houses at cut prices at whatever they could get.

Another said:

> The competition that hurts us most and may be called unfair is that the larger packers ship a great deal of stuff here in addition to the managers' orders and then they are frequently overloaded and when their stuff commences to get stale they offer to sell for 2 or 3 ¢ or even less below market price. That is what hurts us small fellows, and sometimes we lose good customers by it. I have heard Swift's man a number of times

complaining about it and give as a reason for underselling that his house had shipped a good deal more than he had ordered and then he must get rid of it or it would spoil and so he would have to undersell us. We could not possibly compete with him at these figures.

A salesman of a fourth small packer at San Antonio said:

> Armour and Swift's men have told me: "If they would ship us only what we order we would get our prices for it. But we only order fifty calves and they send us one hundred, so we have simply to cut the prices so as to get rid of it."

The Commission has found evidence of local price cutting at other markets, but there is comparatively little price cutting in the markets where there are no independent packers.

THE PACIFIC COMBINATION.

The Pacific territory, comprising generally the region west of the Rocky Mountains, has always been treated by the big packers as a separate territory both as regards the purchase of live stock and the sale of dressed meats. In the Veeder pools no provision was shown to have been made for regulating shipments of dressed beef to the Pacific coast.

The evidence relating to the collusive activities of the packers in the Pacific territory is largely in the form of documents found in the files of the Western Meat Co. of San Francisco, supplemented by special investigations of the local selling agreements in Los Angeles and Tacoma, and price cutting to injure independents in the Salt Lake region.

Section 16. Principal western companies.

The center of the combination, so far as the Pacific region is concerned, is the Western Meat Co., in which the Swift family holds 42 per cent of the stock. Holdings by Swift employees increase the Swift proportion to 48 per cent, and proxies given by other stockholders increase the Swift voting power to 53 per cent. Morris interests have 32 per cent, Armour interests 4 per cent, T. E. Wilson about 2 per cent, and members of the Cudahy family less than 1 per cent. The plant of the Western Meat Co. is located in South San Francisco. This company has owned for several years the Oakland Meat & Packing Co. located at Oakland, Calif., and in 1917 acquired the Nevada Packing Co., located at Reno, Nev.

The Union Meat Co. of Portland, Oreg., is also controlled by the Swift interests. These have 57 per cent of the stock, Armour 32 per cent, and Morris 11 per cent. At Los Angeles, Calif., both Cudahy (Cudahy Packing Co. of California) and Wilson (Wilson & Co., Inc., of California) have plants; the latter was formerly operated under the name of the Pacific Coast Beef & Provision Co. These two companies predominate in the southern territory.

In 1916, Cudahy acquired a plant just outside of Salt Lake City, and in 1917 Armour & Co. purchased a plant at Spokane, Wash., formerly the E. H. Stanton Co.

There are several packing plants of considerable size in the Pacific territory which are not owned by the big packers, including Miller & Lux., Inc., and Moffett & Co., of San Francisco; Frye & Co., of Seattle, Wash.; the Carstens Packing Co., of Tacoma, Wash., and the Ogden Packing & Provision Co., of Ogden, Utah. In addition there are a large number of small independents. Many of these companies themselves feed the cattle they slaughter. Miller & Lux and Moffett & Co. were primarily cattle raisers who went into the slaughtering business to find an outlet for their animals.

Section 17. Evidence of collusion in the purchase of live stock.

Various letters from the packers' files, quoted hereafter, indicate regular exchange of information regarding live-stock purchases and understandings with reference to the prices to be paid for live stock in this region.

Lists showing hog receipts with the average weight and average price paid are exchanged weekly among the following companies: Cudahy Packing Co., Los Angeles; Wilson & Co., Inc., Los Angeles; Western Meat Co., San Francisco. The Union Meat Co., Portland, Oreg., and the Western Meat Co. exchanges weekly lists of receipts of live stock of all kinds. The character of these exchanged lists is shown by the following samples:

PACIFIC COAST BEEF & PROVISION CO.

[In pencil crossed out] WCH

[Owned by Sulzberger & Sons Co., now Wilson & Co., Inc., of California.]

BEEF AND PORK PACKERS
1000 LYON STREET

[Stamp:] Please note and return to F. L. Washburn

LOS ANGELES, *Feb. 9th, 1916.*

Mr. F. L. WASHBURN,
% Western Meat Company,
San Francisco, California.

[Stamp:] Wm. Haaker Feb. 12, 1916.

GENTLEMEN: Hog receipts for week ending February 5th were as follows:—

404 Arizona
184 California
1783 Idaho
Average weight 162#, Cost $7.61

Very truly yours,

PACIFIC COAST BEEF & PROV. CO.
Per G[?]

W.

[In pencil:] Sent WE H

P. S. We did not receive your hog receipts report for week ending January 29th. Kindly send us copy of same to complete our files.

P. C. B. & P. Co.

JUNE 24, 1916.

Mr. R. SCOTT,
Mgr. Cudahy Pkg Co.,
Los Angeles, Cal.

Mr. J. C. GOOD,
Mgr. Pacific Coast Beef & Prov. Co.,
Los Angeles, Cal.

DEAR SIR: Hog receipts for the week ending June 24th, were as follows:

1067 California Avg. 177 lb. Cost 8.21

Yours respectfully,

WESTERN MEAT COMPANY
Per JLM

JLM EP

The next sample from the files of the Western Meat Co. shows the live-stock data furnished weekly to that company by the Union Meat Co. of Portland, Oreg. Similar weekly reports of the Western Meat Co's. own live-stock purchases were found in its files.

UNION MEAT COMPANY, NORTH PORTLAND, ORE.

[In ink:] Akens Hough F. L. W. [In pencil:] Hough [Stamp:] Please note and return to F. L. Washburn.

Live stock purchased week ending Jan. 23, 1916.

Kind.	No. head.	Average live weight.	Average live cost f. o. b. yards.
Steers	275	1,120	*6.82
Cows	223	1,027	*5.55
Bulls	4	1,412	4.36
Lambs	873	69	*8.24
Wethers	937	95	*7.30
Ewes	235	120	6.54
Hogs	4,306	183	*7.01

[In pencil:] Cheap 6$\underline{^{20}}$

* Starred items were marked on the original by a pencil check mark.

That the exchange of this information as to receipts and prices of live stock was for the purpose of eliminating competition, and keeping prices low, is evidenced by the following letters of June, 1915:

[In pencil:]
J L M
Pls give me memo
with which to answer.
F. L. W.

THE CUDAHY PACKING CO.
LOS ANGELES, CAL.
June Twenty-second
Nineteen Fifteen.

Mr. F. L. WASHBURN,
Western Meat Company,
San Francisco, Cal.

DEAR SIR:—We note you were enabled to secure your supply of hogs last week at $8.06, which is indeed a very low figure. Our buyers advise us that they expect to make their purchases this week in Idaho at $6.75 but we were in hopes of getting the figure down a little lower on account of the demand in Idaho not being as large as usual.

In all of our shipments coming from Idaho we insist upon our buyers making their purchases of heavy weights at $1.00 under the regular weights. We understand that San Francisco is only making a reduction of 1/2¢. We would appreciate it very much if you will kindly let us know what you hear from that district so we can work in harmony with you with the view of getting prices down to where they really belong. We should also like to know whether you are buying your hogs in central California subject to Government inspection. All our offers contain this clause and inasmuch as we have had a great deal of trouble in that locality, we came to the conclusion we could not buy under any other condition.

Yours truly,

THE CUDAHY PACKING CO.
B. A. BENJAMIN.

JUNE 28, 1915.

Mr. B. A. BENJAMIN,
Cudahy Packing Co.,
Los Angeles, *Cal.*

DEAR SIR:—Answering your note of the 22nd inst.

Our hogs cost this week 7.95 which is not quite as cheap as we would like to see it.

We are cutting our hogs on the basis of 200 lbs. and down with the hogs running from 200 to 300 lbs. 1/2¢ lower. In making a cut of this kind we could not very well buy the heavy weights less than 1/2¢ lower.

We do not have any direct reports at all from the hog shipping points as we do all of our buying from the shippers and they do not tell us anything about what the hogs cost them.

We are not buying any hogs subject to Government inspection except those that we have reason to be particularly afraid of, and practically everything from California has come in without any guarantee.

If we insisted on the shipper standing inspection we soon would not get any hogs as no one else in this market has inspection.

There does not seem to be any more tuberculosis in hogs now than in the past.

Yours respectfully.

WESTERN MEAT COMPANY,
F LW" W Per F. L. W.

The following letters which passed between F. L. Washburn, presi-ent of the Western Meat Co., R. Scott, manager of the Cudahy plant Los Angeles, and John E. Maurer, of the Pacific Coast Beef & Pro-ision Co., Los Angeles, indicate that these companies divide the ittle of the big ranches among them and decide on the prices to be aid:

APRIL 15, 1915.

Mr. R. SCOTT,
Mgr. Cudahy Pkg. Co.,
Los Angeles, *Cal.*

DEAR SIR:—Do not know just when I will be in Los Angeles, but thought I would let you know that it looks to us as though

it would be fairly easy to buy cattle on a reasonable basis. I think 6¢ will be the opening price, and whether they go lower or not will depend entirely on how many are offered, as the demand for beef is less than last year regardless of the Exposition.

They tell us that Mr. Fuller is shipping some of his cattle to Los Angeles to kill. Our man went down to see these cattle with Mr. Fuller who priced them at 7¢. We did not know whether you were figuring on using these cattle or not, but we told him that our ideas were 6¢, which of course would not hurt you in making your trade. Do you need these cattle, as if you don't we could probably use some of them very nicely, as they are not too heavy and are fairly close by?

Our market is about the same as when you were up here last, 10 1/4 / 10 1/2¢ for desirable steers weighing 650/700# and 9 3/4¢ / 10 1/4¢ for the heavier weights. I am quoting the Butchertown prices on straight cattle, as we would not consider selling anything under 10 1/2¢ at the present time.

Has anybody bought the Oxnard cattle yet, as I was told they could be purchased for 6 1/4¢ with a 4% shrink?

With best regards to you and Mr. Benjamin, I remain

Yours very truly,

F. L. Washburn.

FLW-O

P. S. I received a letter the other day from Mr. Cudahy thanking me for taking you all to the Plant, which I very much appreciated.

F. L. W.

[In pencil:] Fallon attach

THE CUDAHY PACKING CO.
LOS ANGELES, CAL.

[In ink.]

Fallon
Hough Akins
FLW JLMc

April Twenty-second, Nineteen Fifteen.

Mr. F. L. Washburn,
Western Meat Company,
San Francisco, Cal.

Dear Sir: Your letter of the 15th came duly to hand and would have had my attention sooner were it not on account of my absence in Imperial Valley.

Found the Valley looking well with an abundance of feed in sight and not a great many cattle on hand to consume it. The only disturbing element is an invasion of grasshoppers that were in striking evidence in parts of the Valley. Whether these will increase and multiply so as to become a serious menace, or will "Fold their tents like the Arab Gents and silently steal away," we are unable to say, but hope they will not prove of as great injury as they were last year.

We note your views as to the future of the grass cattle market Which seems to be in line with the views of most of the Los Angeles packers. I can hardly bring myself to believe however, that we will be fortunate enough to get good grass American cattle for 6¢ per pound, and while we have not yet aranged with Fullers as to the price to be paid for the Chowchilla cattle,

I have in mind a figure of 6½¢. The sample shipment we have had is very good and two or three weeks more time on good feed on which they are on, will make them a very desirable herd. The weights are right and they are going to be in good condition. Our idea would be that 6½¢ for the average run of grass cattle would be about a fair market figure, provided there are sufficient supplies to meet the requirements of the summer trade. Woodward-Bennett & Co. and the Pacific Coast people seem to think there is going to be a bountiful supply of good steers. I have not yet heard the Hauser People express themselves. We understand, however, they have already paid 6½¢ for some grass steers from low freight points.

Answering your inquiry as to the Oxnard cattle, they were sold to the Pacific Coast at 6¼¢ with a 4% shrink. They were certainly a cheap lot of cattle and should make a nice "pot" of money. The Patterson Ranch people must certainly have been in a panic to have sold them at that price with as much cheap feed as there is available at the present time. They could certainly have afforded to carry them into the summer or fall, but perhaps their judgment in disposing of them at the present time may be justified by future prices.

Very truly yours,

THE CUDAHY PACKING CO.
R. SCOTT, *Manager.*

[Written in ink:]
We will need the Chowchilla steers.
Expect to use most of them before
other coast cattle are fully matured.
S.

MAY 20, 1915.

[In ink:]
Hold

MR. J. E. MAURER [*Pacific Coast Beef & Provision Co.*],
Los Angeles, Cal.

DEAR JOHN:—Did you buy any of the Kern County Cattle? I judge that after having bought the Tejon cattle you would not feel like paying the neighbors any more money?

I don't know just when we will be down, as I will probably go to Portland before very long.

Tell Jim Good not to pass us up the next time he comes to the City.

I received your wire about the Hearst cattle. They have wired everybody offering the cattle at 6½¢, but I think 6¢ will be an extremely high price if they get that.

Understand that San Francisco Wholesalers have been inquiring for ribs and loins from Los Angeles, but that none so far have been shipped up. We are not figuring at the present time on sending any beef cuts down there.

With best regards, I remain

Yours very truly,

F. L. W.

FLW-O.

APRIL 27, 1915.

Mr. R. SCOTT,
Mgr., Cudahy Pkg. Co.,
Los Angeles, Cal.

DEAR SIR: I have your favor of the 22nd instant, and note you figure 6¼¢ will be the average price for good grass cattle. I hardly think it will get above 6¢, as we have already bought two of the best bunches in the San Joaquin Valley at this figure.

The Fuller cattle at the Chowchilla Ranch will be very desirable on account of their light weight, and I note that you are going to need them all. Fuller certainly ought to be well satisfied with the price, 6½¢.

I hear from Mr. Galbreth that the Los Angeles trade conditions are not very good at the present time. They are fairly good here, and while cattle are selling reasonably cheap there are not too many on the market, and we are able for the first time in several months to show a small favorable margin on beef.

Sheep have been held very high, and we think they will continue to be scarce. We are killing as few hogs as possible, and at the same time supply a portion of our fresh pork trade.

Yours respectfully,

WESTERN MEAT COMPANY.
Per F. L. W.

FLW-O.

JUNE 4, 1915.

Mr. R. SCOTT,
Los Angeles, Cal.

DEAR SIR: We thank you for your letter of May 18th. Conditions here are fairly satisfactory, although the volume of business has not picked up any.

There has been very little activity in the cattle market, except that the Hunt Commission Company bought a couple of lots of cattle around Merced to ship to Portland at 6¼¢. The Hearst cattle so far as I know are still unsold. The only shipment we know of that the Kern County Land Company made is one of 4 cars to Henry Levy, and we do not know what they charged him, but think the price was 6¼¢.

The demand for coarse meats is getting a little better, and it doesn't look as if we would have much trouble in cutting a fairly good price out of what heavy cattle we have. There are a good many Mexican cattle coming in, which make the heavy cattle a little better profit than they were all last spring.

Cows are not at all plentiful here, but the Mexican steers take their place. There are plenty of cattle up here yet which are not sold, and we look for an easier market to prevail all summer.

Yours respectfully,

WESTERN MEAT COMPANY.
Per F. L. W.

FLW-O

The following letters of October, 1917, while the Commission's ıvestigation of the packing industry was in progress show that '. L. Washburn refused to agree with B. A. Benjamin of the Uniersal Packing Co., a local company at Fresno, Cal., on a fixed price n hogs, but that the Cudahy Packing Co. took the matter up with their neighbors." B. A. Benjamin of the Universal Packing Co. 'as formerly with the Cudahy Packing Co. at Los Angeles.

FRESNO, CALIFORNIA,
October 18, 1917.

MR. F. L. WASHBURN,
c/o Western Meat Company,
San Francisco, Cal.

DEAR SIR: The writer has had some correspondence with the C. P. Co. of Los Angeles who have taken the matter up also with their neighbors regarding the purchasing of all hogs on a delivered basis.

Wilson & Co. have been paying 16¼c f. o. b. shipping points in this locality for hogs and, as you well know, with the heavy shrinkage and freight to Los Angeles they will cost from $18.40 to $18.65, which is considerably higher than the present eastern market.

The writer is under the impression that you have no field buyers and that all your hogs are purchased delivered in San Francisco. Is this correct, and if not, would it be agreeable to you, providing our southern friends would consent, to buy all hogs on a delivered basis.

A short time ago there were a few eastern buyers and also Portland buyers in this field but due to the fact that the eastern market has declined they have withdrawn. In fact, I met the buyer for the Ogden Packing & Provision Co. yesterday and he was recalled on account of that condition. After having interviewed quite a number of the buyers in Central California, I find that they all have the same idea which is that both San Francisco and Los Angeles are paying unnecessary prices for their hogs.

I am very well satisfied that all of these hogs can be bought at 16¢ delivered in either San Francisco or Los Angeles. If you will kindly express your opinion to the writer, I will be very glad to take the matter up with the southern contingent and see if a 16¢ price can not be arranged, and I am inclined to believe that the farmers and buyers would be satisfied to accept this figure.

Kindly let me hear from you at your early convenience, and with kindest personal regards, I remain,

Yours, very truly,

B. A. B.

BAB-TT.

[In pencil:] OCT. 20, 1917.
W. C. Haaker
J. L. Mc
[In ink:]
W C Haaker
J L McCarthy
[Stamp:]
Please note and
return to F. L. Washburn.

Mr. B. A. BENJAMIN,
Fresno, California.

DEAR SIR: I have your letter of the 18th inst., and you are correct in your impression that we have no field buyers whatever, and all of the hogs which we buy, with very few exceptions, are off car weights at South San Francisco. We have never considered it good policy to buy in any other way, and the only time that we have ever handled this matter differently was when one of our other buyers might have been in some particular spot where a hog man wanted to weigh his hogs up in the country, and it was just as convenient for us to receive them there as anywhere.

As far as having any understanding on the price that is to be paid for hogs, we would not care to be restricted in this manner, as besides being contrary to the spirit of the time, there is always the possibility that it might make bad friends, and we always prefer to be friendly with all of our competitors. I think the Union Meat Company was principally to blame for creating an artificially high price on hogs in the San Joaquin Valley, but as I understand it, their buyer, as well as the Ogden buyer, have left the territory.

Yours very truly,

F. L. W.

FLW EP

Section 18. Evidence of collusion in the sale of meat products.

Evidence of local price-fixing agreements at Los Angeles and at Tacoma, Wash., which involve big packers, has been cited on earlier pages.[1]

There is frequent interchange of information among the Western Meat Co., the Pacific Coast Beef & Provision Co. (Wilson), and the Cudahy Packing Co. of California as to prices received for meat products. There is an understanding that there shall be no price cutting and also that each shall respect one another's special sales territory. These facts are brought out in the letters quoted below. The following letters which passed between Maurer, of the Pacific Coast Beef & Provision Co., and Washburn, of the Western Meat Co., show that these companies agreed on prices to be charged in certain markets and had an understanding as to division of certain sales territory:

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[1] Pp. 114 to 115.

APR. 27, 1915.

Mr. J. E. MAURER,
c/o Pac. Coast Beef & Prov. Co.,
Los Angeles, Cal.

DEAR JOHN:—I do not know whether you are aware of it or not, but you folks are selling smoked meats at prices which look pretty low to us:—

Hams 14¢
Picnics 10¢
Bacon backs 14½¢

I, of course, have no suggestions to make as to what prices your people should get, but these figures do not come any where near ours; at the same time perhaps you could still get just as much business by not quoting quite as low as at present.

The Cudahy Packing Company is putting in a Branch at Fresno, for what reason I cannot possibly figure, as this is the Branch House point which has lost us more than any of our others, and things have been getting worse there instead of better. I presume, however, that Hauser is pretty cheap and Frye as well.

Yours, very truly,

F. L. W.

FLW-O

PACIFIC COAST BEEF AND PROVISION CO.
Beef and Pork Packers
1000 Lyon Street.

LOS ANGELES, *April 30th, 1915.*

Personal.

Mr. F. L. WASHBURN,
c/o Western Meat Co.,
San Francisco, Cal.

DEAR FRED: Your letter of April 27th just received.

With the small amount of business we are doing in your city, it certainly should not be necessary for us to make low prices and, if you will give me a list of what prices you are getting, hardly think you will hear of any more complaints on our low prices.

Presume you have heard the news about our selling hotels and restaurants down here; we have the report today that your folks are going to ship car load lots of beef to the Omaha Hotel Supply Co. for distribution through the old Los Angeles Branch. Is this report correct? Things are not very rosy down here as it is and we hope the report is erroneous.

Cattle seem to be very plentiful; we bought quite a few good steers at 6¢ per lb. and do not think should have to pay over 5¾¢ to 6¢ for grass steers this summer. We have not contracted any large lots. Have you made any contracts and, if so, what prices are you buying at? Think we should buy Mexican steers around 5¢.

Lambs are extremely scarce and it looks as though we are going to have a hard time to take care of ourselves during May.

Have you a line on any choice bunches you don't need? If so, would like to get in on them.

With kind regards,

Very truly yours,

JOHN E. MAURER

W.

JEM/W

[Rubber Stamp:]
M. D. Gallagher
May 4, 1915.

[In pencil:]
FLW

MDG
Note & return
FLW

MAY 3, 1915.

Mr. J. E. MAURER,
c/o Pac. Coast Beef & Prov. Co.'
Los Angeles, Cal.

DEAR JOHN:—We will send you regularly a list of our Salesman's prices and discounts. On account of it being so soon after your starting business I presume you would not expect to get the prices that others are getting; at the same time you might be able to strike a happy medium and make a little more money by keeping a little nearer the top than the bottom.

Yes, I have heard indirectly about your selling hotels and restaurants, but I heard you were doing it through certain markets. We are not looking for any extra places to lose money on fresh meats, and your letter is the first thing I have heard about our making carlot shipments of beef to the Omaha Supply Company. As I understand it this firm would naturally give the preference to local packers as long as you and the others give them as low prices on their ribs and loins as you would make to other jobbing butchers; so treat them right, and do not worry about us as we are not looking for trouble.

Since I have had this business we have sold practically nothing to Wreden or anyone else in Los Angeles; while before that time it was a regular and very desirable part of our business. We have sold Wreden two cars of meat in the last six months which is very little considering the class of cattle we have been handling during that period.

The Cudahy Packing Company has opened a Branch in Fresno and whether they are going to sell fresh meats or not we do not know.

We were informed by our Fresno Manager that you were offering steers at 10¼¢ and chucks at 7½¢, but he did not say whether these prices were delivered or FOB Los Angeles. Please let me know if you are going to sell fresh meats in the Fresno territory, and also if you think Cudahy is going to put in fresh meats at their new Branch House, as this might make considerable difference in regard to our policy of keeping out of Los Angeles.

We have bought so far about 2500 choice native cattle at 6¢, and there are going to be plenty of Mexicans, but hardly think they can be bought as low as 5¢.

Lambs are a very scarce article with us also, although we have had to kill a good many during the last two weeks on account of the feed drying up in the San Joaquin Valley. We are buying what desirable lambs there are, and the prices are running around $5.00 per head.

Would like to hear from you about the Fresno situation.

Awaiting your reply, and with kindest regards, I am

Yours very truly,

F. L. W.

FLW-O.

PACIFIC COAST BEEF & PROVISION CO.

Beef and Pork Packers, 1000 Lyon Street.

LOS ANGELES, *May 6th, 1915.*

Personal.

Mr. F. L. WASHBURN,
c/o Western Meat Co.,
San Francisco, Cal.

DEAR FRED,—Referring to yours of May 3rd:

We find it was Hardy who was going to ship the Omaha Hotel Supply Co. instead of Western Meat Co. He had a car in this week but don't imagine he will be very much pleased with results as we surely have a mean market here now.

As to Fresno; and that country: My Man up there tried to get a little active but when he was in I told him we had enough to do in looking after our fresh meat end here at home and didn't care about any of that business.

Rather expect to be in San Francisco the first of next week and, if so, I would like to have a little chat with you about this whole proposition.

We are selling the hotels and restaurants direct here and not through anyone else. Cudahy, however, is selling through a subsidiary—the Great Eastern Market. We work right closely with one of the jobbers who has always treated us fair and stood by us. Outside of that, we are not selling any of the jobbers here to speak of at the present time.

I don't know just what our neighbors' attitude is going to be regarding Fresno but, if I see them before going up, will try and get any information I can and then talk it over with you.

With kindest regards.

[In pencil:] Very truly yours,

EW
MDG
FLW

J. E. MAURER.
S.

JEM/W

136227°—19——9

The following letter by Scott of Cudahy Packing Co. to Washburn of Western Meat Co. shows that Scott refused to sell meat in the San Francisco territory of the Western Meat Co. on the ground that the San Francisco market could be supplied locally and states "so we have foregone the advantage, if such it be, of shipping Ribs and Loins beyond the limits of our own territory":

THE CUDAHY PACKING CO.,
LOS ANGELES, CAL.,
May Eighteenth Nineteen Fifteen.

MR. F. L. WASHBURN,
Western Meat Company,
6th & Townsend Street, San Francisco, Cal.

DEAR SIR:—On account of an inquiry we are just in receipt of from one of your San Francisco wholesalers for a carload of Ribs and Loins, we are moved to ask you how conditions are on your market.

We have undoubtedly heard that the Los Angeles market is in anything but a satisfactory condition. Shipments are being made in here from Ogden, Utah, and from San Diego with a few less than carload shipments from other points to make the situation more "binding."

Some weeks ago we had a call from the San Francisco wholesaler referred to, who at that time was anxious to have some Ribs and Loins shipped, but we were of the opinion that the number of heavy cattle that were at that time tributary to the San Francisco market, there should not be any particular scarcity of Ribs and Loins at home if the party was inclined to look for them there, so we have foregone the advantage, if such it be, of shipping Ribs and Loins beyond the limits of our own territory.

We suppose the Exposition crowds are making the Rib and Loin business brisker than usual and probably you are having some difficulty in disposing of the rough meat. We are keeping fairly well lined up, although some of the houses here are rather long on Chucks and Rounds, probably because they have been more free than we in disposing of Ribs and Loins. We are working on the Chowchilla cattle with a few Mexicans for extra lights and Imperial heavy steers for Ribs and Loins. We are finding cows rather scarce, but as they are not in sufficient demand to bring a profitable price we are just as well without them.

Hoping you are finding supplies commensurate with your requirements, we are,

Very truly yours,

THE CUDAHY PACKING CO.,
R. SCOTT,
Manager.

[In pencil]
MDG
———
F. L. W.

There is a division of territory between the Western Meat Co. and Swift & Co. G. A. Karr, the agent of Western Meat Co. at Fresno, in the following letter makes a protest because he thinks Swift & Co. has violated this agreement:

WESTERN MEAT COMPANY
FRESNO, CALIF., *Jan. 20, 1915.*

PROVISION DEPARTMENT,
Western Meat Co.,
San Francisco, Cal.

GENTLEMEN: We find according to information received from the Western Meat Co. Jan. 19th that Swift & Co., Los Angeles have been selling to the Terra Bella Mercantile Co. of Terra Bella. We would like to have you advise us when Swift & Co. were accorded the permission to sell goods in our territory. We understand this account is worked regularly by their salesman.

Yours very truly,

WESTERN MEAT CO.

CED GAK By G A K [G. A. Karr, Western Meat Co. agent at Fresno.]

[In pencil:] Yes
dont hold this for record

Mr FLW This town a little over Kern Co line

[In pencil:] In view of arguments that come up from time to time on western boundary see no reason for controversy?

HAAKER [William Haaker, Provision Department Western Meat Co.]

In January 1917 James Good, the new manager of the Pacific Coast Beef & Provision Co., got the impression that the Western Meat Co. was cutting prices at Santa Barbara and wrote the following letter to Washburn:

LOS ANGELES, CALIFORNIA.
January 23rd, 1917.

Personal.
Mr. FRED L. WASHBURN,
% Western Meat Co.,
6th & Townsend Sts., San Francisco, Cal.

DEAR FRED: Your Fresh Meat Department are making what we consider low prices on Ribs and Loins at Santa Barbara. Understand they are selling at 13¢ and 16¢ against our price of 16¢ on ribs and 18¢ on loins.

Am simply giving this to you for your information to handle as you see fit.

JIM [James Good.]

[In pencil:]

MDG

Pls advise me our
prices at Sta B.
FLW

1/27

Potter paying
Ribs 15½
Loins 17½
Arlington paying
Ribs 16
Loins 17
MDG

CHAPTER III.

AGREEMENTS IN OTHER LINES OF BUSINESS.

Section 1. Introduction.

The Commission presents evidence secured of agreements and joint activities among the big packers in lines of business selected from the many fields in which they are engaged other than meat packing. This evidence is in the form of documents from the packers' files, testimony in hearings before the Commission, and reports by its examiners.

The principal conclusions to be drawn from the evidence secured are:

1. That in the sale of lard substitute there is an agreement to charge fixed prices.

2. That in the purchase of cheese there is a division of territory and joint manipulation of prices.

3. That in the purchase of butter, cream, poultry, and eggs there is combination in the form either of the division of territory or price agreements.

4. That in the purchase of fats from retail butchers and in the general conduct of the business of rendering there are divisions of territory, agreements, and various collusive and unfair practices.

Section 2. The lard compound agreement.

The following letters from the files of Armour & Co. explain a recent agreement on the price of lard compound.

This price arrangement on lard compound was perfected under the conditions described as follows in the letter below: "The pure lard stocks will undoubtedly be very low as long as the war lasts, price high, and with the wave of conservation that's sweeping the country, the people will naturally turn to substitutes."

The first letter was written by L. L. Whelan, manager of Armour & Co.'s lard department:

JAN. 24th, 1918.

Mr. H. G. SHARPNACK [District manager of Armour & Co.],
% A. & Co., Allegheny,
Pittsburgh, Pa.

We are certainly pleased to hand you the enclosed statement, showing continued increases on Refinery through your territory, and have no doubt these results will be duplicated each period during the year. Its always been our understanding if our

organization had the same price as the other fellow, that's all they need. This is certainly a fact on Substitute since Jan. 14th, and we will be very much surprised if your territory does not triple its business on this each month. We do not recall having such an opportunity in the history of the firm, and if the practice is maintained, think it's a pretty safe bet that we will get our share. We are also pleased at the little Vegetole business that's coming along. This will take time, but think it will be our salvation in the end. The Pure Lard Stocks will undoubtedly be very low, as long as the war lasts, price high, and with the wave of conservation that's sweeping the country, the people will naturally turn to Substitutes, which means we must get Vegetole so thoroughly introduced that the moment the housekeeper thinks of something to take the place of high priced lard, Armour's Vegetole will be uppermost in their mind. The other people are working this way, and we heard from very good authority, our principal competitor or the Substitute business is unable to take care of his order, and if this is a fact, we have a double incentive to work hard on Vegetole, on which we can give immediate deliveries, and we are quite sure the quality will do the rest.

ARMOUR AND COMPANY

LLW.S.

It appears from the following letter by Sharpnack to his branch house managers, that in addition to receiving the above letter from Armour & Co. he received a copy of the agreement on lard compound. At least he quotes the exact prices at which the compound is to be sold under the agreement and specifically instructs his managers to report all deviations by competitors from the agreed price. This is his letter:

N. S. PITTSBURGH, PA.
January 28, 1918.

All Managers:

I told Mr. Whelan of the Lard Department that if our price on compound were identical with that of our competitor's that we certainly could double or triple our business and I do think we will.

Now please give this compound all of the attention possible. Everybody's price must be the same as yours. If you find any deviations make doubly sure that you are right by seeing the bill, noting the date of same, quantity sold and the price and let me have it.

The instructions are very plain; 23¢. a pound to anybody in less than ton lots delivered in ten days to one customer. This of course is tierce basis.

Vegetole is another item we must get busy on. Pure Lard is high and in close compass and there are a lot of other brands such as "Crisco" being sold. We can get some of this business if we go at it in the right way so give it a whirl as I am exceptionally anxious to see increased business.

Yours truly,

HGS:GRK. H. G. SHARPNACK.

Whelan, in his second letter to Sharpnack, seems to be much pleased with Sharpnack's cooperation in carrying out the agreement, but he at the same time felt it inadvisable to "make any noise about competitors prices being identical." As a measure of safety he suggested the destruction of his letter on the subject. He failed, however, to destroy his own carbon copy. This is the carbon copy of his letter:

JAN. 30th, 1918.

Mr. H. G. SHARPNACK,
% *A & Co. Allegheny,*
Pittsburgh, Pa.

DEAR MR. SHARPNACK: Very glad to note your cooperation on White Cloud, as per your circular to houses dated the 28th.
In this connection, however, it occurs to us that we should not make any noise about competitors prices being identical, etc. Under present conditions, this is not advisable, as you are undoubtedly aware. Also, you might destroy this letter on the subject.

LLW:S. ARMOUR AND COMPANY.

Section 3. Market manipulation and the division of territory in the cheese business.

Estimates by the cheese dealers in Wisconsin indicate that Armour & Co., Swift & Co., Morris & Co., Wilson & Co., Inc., and the Cudahy Packing Co. and their subsidiary and controlled companies buy from 75 to 80 per cent of the cheese produced in that State. According to the United States census of manufactures, Wisconsin in 1914 made 205,920,915 pounds of cheese out of the total national production of 370,278,599 pounds, or 55.6 per cent of the total. The control of the Big Five in the cheese market of Wisconsin alone would give them a dominant position in the cheese market of the Nation. They are not, however, limited to Wisconsin, but are large buyers in the cheese market of New York, which has 26 per cent of the national production and also in the other two chief cheese-making States, Pennsylvania and Michigan, which together produce 7.6 per cent.

The big packers own only a few cheese factories, but they own or control the principal large cheese firms which buy cheese from factories. In Wisconsin, which is the controlling cheese market of the country, six of the largest cheese firms are owned or controlled by one or the other of the Big Five. These large firms in turn control smaller cheese dealers. The packer-controlled firms are as follows:

Neenah Cheese & Cold Storage Co., entirely owned by Armour & Co.;

C. E. Blodgett Cheese, Butter & Egg Co., 51 per cent of whose stock is owned by Armour & Co.;

Pauly & Pauly, who sell 80 per cent of their output to Swift & Co.;
C. A. Straubel Co. and Jacob Marty, the majority of whose stock is owned by Morris & Co.;
Dow Cheese Co., which is entirely owned by Cudahy Packing Co.;
Wilson & Co., Inc., do considerable business through the Morris & Co. controlled cheese companies enumerated above.

As would appear by the following letter from the Neenah Cheese & Cold Storage Co., the price of cheese in Wisconsin is determined by the price which is set each week by the Plymouth Dairy Board, at Plymouth, Wis.

There are three or four smaller boards, on which cheese are sold, of which Sheboygan is one. However, less than 10 per cent of the cheese of the State is sold on the boards—more than 90 per cent of it is sold at private sales on the basis of the Plymouth board prices. The packer-controlled cheese firms, together with other firms, attempt to control the price quotations of the Plymouth board. This is proved by letters quoted below. Not only do these large cheese firms conspire to control the price of cheese, but they divide among themselves the cheese factories from which they buy and agree not to pay premiums above the price which is set by the Plymouth board.

The letters here presented substantiate the testimony given before the Federal Trade Commission that the cheese dealers meet secretly to fix the price of cheese in advance of the meeting of the Plymouth Cheese Board and that the cheese is allotted among the different dealers. The differences which develop among the dealers as shown in these letters emphasize rather than disprove their joint agreements, their contests being over the violation or supposed violation of an understanding or agreement rather than over competitive questions.

The collusive activity of the packer-controlled firms, as appears from the letters which follow, is directed by the high officials of the packing companies at Chicago.

On July 8, 1916, C. E. Blodgett (head of C. E. Blodgett Cheese, Butter & Egg Co., controlled by Armour), in answer to a wire which J. W. Brown (head of the produce department of Armour & Co.) sent him, wrote as follows:

MARSHFIELD, WISC., *July 8, 1916.*

Mr. J. W. BROWN,
%Armour & Co., Chicago, Ill.

DEAR MR. BROWN:—Referring to your wire of even date in regard to getting the market down at Plymouth, I doubt very much if this can be done. I have had this up with Plymouth and Sheboygan this week, and again to-day. Also talked with Mr. Pauly [of Pauly & Pauly which sells four-fifths of its output to Swift & Co.] about it, and they complain bitterly about what

Blanke is doing down in that section; about going out to the factories, and paying premiums for cheese and claiming that the dealers are all sore about it, and they can't handle them, although they have agreed with me to put the market down a quarter of a cent, if it's possible, but I tell you one thing Mr. Brown, I can't handle these people down there any longer, unless something can be done to keep Blanke from antagonizing them the way he is, and you are the only man that can handle this. I am doing the very best I can, and sending a carload of cheese down there a week to be distributed among the brokers, to keep the market in line and it's costing me a hundred dollars a week to do it, but I can't do it without some help from you.

Yours truly,

C. E. Blodgett Cheese, Butter & Egg Co.,
C. E. Blodgett.

The Blanke referred to was at that time a buyer for the Neenah Cheese and Cold Storage Co. (another subsidiary of Armour & Co.). He was later discharged by the Neenah Company because of his continued practice of paying premiums and was later employed as a buyer by Pauly & Pauly. It should be noted that Pauly agreed with Blodgett "to put the market down a quarter of a cent, if it's possible," even in spite of the fact that there was contention over the payment of premiums.

The letter below, written by J. W. Brown (head of the produce department of Armour & Co.) to I. F. Laing, at that time head of the Neenah Cheese & Cold Storage Co., shows that a complaint had been made to Armour & Co., because a buyer for Neenah raised the market on one of the small cheese boards. Brown says, "They all seem to be worked up about this."

June 30, 1916.

Mr. I. F. Laing,
#125 W. South Water St.
Chicago, Ill.

Dear Sir: Your Mr. Nesbitt at Spring Green raised the market to 14–5/8 on cheese. Don't you think this is very bad work? How do you expect we can influence the people at Plymouth to hold the market at 14 1/2c if you raise the figures? Wish you would tell this gentleman that he must not do this, because our interests elsewhere are so great that we cannot afford to raise the market on ourselves; and Plymouth will certainly go up if you bid over the Plymouth prices on other Boards. They all seem to be worked up about this.

Yours very truly,

Armour and Company
J. W. Brown.

JWB:R

These packer dealers also seem to have an understanding that buying below the Plymouth quotations is forbidden as well as the payment of premiums. The following letter from C. E. Blodgett

eese, Butter & Egg Co. to Neenah Cheese & Cold Storage Co. oth subsidiaries of Armour & Co.) states that the representatives C. A. Straubel Co. (Morris & Co.) and Pauly & Pauly (Swift nnection) would oppose Blodgett buying below the market.

MARSHFIELD, WIS., *Nov. 7, 1916.*

Mr. I. F. LAING,
c/o Neenah Cheese & Cold Storage Co.,
Chicago, Ill.

DEAR MR. LAING: Referring to your wire under date of Nov. 6 would say that it would be impossible for us, or for you, or for any dealer to buy cheese for less than the market. That, I have satisfied myself of by talking to various dealers in the State, among them, Straubel, Pauly & Pauly, Davis and everyone that I would get a hold of. They would readily take every factory you have away from you Mr. Laing if you attempted to pay less than the market, and we would all be out of business. I will have to admit the market was irregular and all wrong and there was no call for it whatever, but in talking to the different ones, they all deny taking any part in it. Of course, Davis came back with his old story of what Blanke had done—paying factories premiums for cheese and all that dope, and I did tell him on the phone that they said he was just as much to blame instead of Blanke. However, we will have to take the cheese Mr. Laing and pay the market for it, in order to hold our factories, but it seems to me as if this would be a lesson to them and they are a poor lot of merchants, and never will know how to handle things as they should be handled.

Really, Mr. Laing I don't believe cheese is high at these prices. Of course, it cuts off any large profits we could get on cheese, but I believe when March comes that we will think then that this cheese was cheap. I believe you will agree with me on this, and if you will investigate further, you will see that it would be impossible for us to pay anything but the full Plymouth market.

Yours truly,
C. E. BLODGETT CHEESE, BUTTER & EGG CO.
C. E. BLODGETT.

The next letter explains why the high prices complained of in the ove letter were established. Morris & Co.'s firm had taken away me factories from another firm which, in order to retaliate, ran the rice up. This letter further shows how the big cheese firms make e price at Plymouth by selling, or offering for sale, their own cheese ; a low price. As Mr. Blodgett stated in a letter quoted above, it st them some money to offer this cheese on the board, because they t less for it than they would get by selling it to the trade.

Nov. 8, 1916.

DEAR MR. BLODGETT:

Your favor received and fully noted. We also decided to pay Plymouth market, as our boys all came back with the informa-

tion that all the rest were doing so and at Richland Centre, William wired us that Kirkpatrick had already called up some of our factories and offered to pay Plymouth market, so we advised them all to do so as it would not pay to lose any factories at the present time, even if necessary to take some loss.

I find the whole trouble was the Northern Wisconsin Prod. Co., at Manitowoc claims Straubel had gotten either one or more factories away from them and they determined to get even by shoving the market up at Plymouth and when the thing started there were several others only waiting for the opportunity and the market ended at the high prices, which of course I considered (when we received the market) so much out of line and more monkey work than anything else. We though that the Plymouth dealers themselves would not pay the Plymouth market, the same as the trick they tried to play about three years ago, but as stated, under the circumstances this time we will pay the market price and not allow them to get a factory away from us.

I believe as you do, it is only a question of time when we will see a 25¢ market for cheese, but it was not necessary to put the market where we would have to pay this price at the present time, but it seems you cannot hammer any sense into some of the dealers there. If they would use the right method when some one takes a factory away from another and go after one or two of the other fellow's factories, he would accomplish more than raising the Plymouth market and making himself pay the high price for all his factories, also the rest of us and putting the market so much out of line that it not only makes it difficult to do business themselves, but everybody else.

There is no question that premiums have been paid by all of the Plymouth dealers all summer; in fact, we have lost several factories ourselves and know that Davis, Dow [Cudahy subsidiary] and others have paid premiums and what they say regarding us, we pay no attention to, as I have done everything to try and keep the markets down and only two weeks ago we let Bamford have $4,000 worth of cheese in one week and last week over $1,000 worth—and every week all summer he has had on an average of $1,000 to $2,000 worth. Have also fed quite a few of the others 50 to 100 boxes weekly, but unless they get things back to a business basis, I have made up my mind to cut this out. It is the old story over again that bunch of idiots up there do not seem to be able to stand a little prosperity.

Yours respectfully,

NEENAH CHEESE & COLD STORAGE COMPANY.

I.F.L. [I. F. Laing]

In reference to trying to break the price on the Plymouth board, J. B. McCready, new manager of Neenah Cheese & Cold Storage Co. [Armour subsidiary], on January 8, 1917, wrote to C. E. Blodgett:

I wrote a number of dealers Saturday in regard to trying to get the market down and am satisfied that these fellows can use more influence than Davis can. In talking with the dealers the last time I was there, they advised me that if our warehouse was

to close and the cheese were to revert back to their original channels (that is among the small cheese dealers) it might help conditions; but Davis was going to get them all (as he was trying to do so) things would be worse than they ever were.

Concerning the division of factories among the different dealers, cCready, May 12, 1917, wrote one of his employees:

In regard to Straubel's plant at Clintonville, this proposition was put up to Blodgett first and he took it up with Straubel. I guess the arrangement is that there will be no confliction with anything that we or Blodgett may be handling near there.

Straubel is Morris & Co.'s firm and Blodgett is Armour's. They parently divided the factories amicably between themselves.

If a buyer for one of these cheese firms pays a premium or takes a ctory away from another firm, he is reported and reprimanded by s own firm. This is shown by a letter which was written by one of e agents of Neenah Cheese & Cold Storage Co. after he had received s reprimand:

JULY 4, 1917.

NEENAH CHEESE & COLD STORAGE CO.,
Chicago, Ill.

GENTLEMEN: Your letter received and see that you feel bad that I have men out on the road; now my man got in to Plymouth two load cheese, that's all. I think other dealers ought to take hold of their own nose. Pauly & Pauly took 50 boxes Longhorns, 35 Young Americas away from me—Davis comes along offers ⅛¢ over market or highest market, Plymouth or Sheboygan and I swear to it that I never did a thing like that and neither may [my] man.

About the Stevens bill mis sent I bought them cheese the day after the board and paid ⅛¢ over. I was short because they took some cheese away from me so that was money out of my pocket. I think its fooler for other dealers like Sheboygan County and Pauly, Davis, to report to you according to their reports I have to go out of business.

Pauly sent Blanke to Belgium and took away Brehms factory, thats the only one he got. I left everybody alone and they should leave me alone. There was one dealer along the line said he would put me out of business in two months and then you act that I am the trouble maker—it looks like that. Never hurt a child but will hurt the fellow that wrote you that nice letter—he thinks he can run my business to.

Yours truly,

BERNARD SCHREIBER.

The Neenah Company replied to Schreiber as follows:

JULY 6, 1917.

BERNHARD SCHREIBER,
Sheboygan, Wis.

MY DEAR SIR: Yours of the 4th received and noted. Will say that we are not feeling badly about you having men on the road but only want it understood that they have got to quit

buying cheese for us. We are in a fine boat this week with all the high priced Longhorns that can't be sold at a profit; every box has got to go into cold storage.

You say, why don't the other dealers leave you along [alone]—for the simple reason that no dealer will stand for having his factories taken away and he can go right out and take two where you took one from him. You having four men on the road has just disturbed things to the point where we have got to call a half [halt]. We expected when we took you on that we would take all the cheese you received but requested you not to disturb anything any more than you could help. We want to continue with you but the way conditions are now, with such high markets and when you stop to think that we are getting cheese in three warehouses (five or six cars a week) any action we take on the Plymouth Board just raises the price on the whole lot of our cheese. There is no dealer along the line can put you out of business in two months; anybody that talks that way is foolish.

We note you say that you have men out on the road now. I don't believe you should have men out on the road buying cheese for us at Plymouth and I want you to stop it. Every extra man on the road just disturbs things that much more. Do you mean that you got in two loads of cheese for us at Plymouth? If you do, I can assure you that we would rather not have them as I requested you to stop these fellows this week altho if you have them, we will take them on but we want the Plymouth warehouse closed and the key turned over to us until such times as the market gets down again to where it belongs, then, we will be only too glad to open up again with you. We are satisfied to take everything you get at Sheboygan, but our understanding was that you were to get all your cheese at Sheboygan and not go out trying to get a lot more and dividing them up between Morris and ourselves. I will see you Monday at Plymouth.

Yours very truly,

NEENAH CHEESE & COLD STORAGE COMPANY.

Schreiber continued to "go after the other fellows' factories," which resulted in the following summary reprimand:

AUG. 22, 1917.

BERNARD SCHREIBER,

Sheboygan, Wis.

MY DEAR SIR: Note the enclosed letter from the Sheboygan County Cheese Co.,

We have repeatedly told you that we don't want you to go after any additional factories. We find that you usually do this when the market is up and cheese are hard to move. Now we would like you to work a little bit for our interest and we believe our interests are best served by getting along with our competitors.

We would not for one minute, all [allow] you, if you were working for somebody else, to go into our regular factories and take our cheese away from time [to] time—we would fight back. Some little time ago you complained to me of the other dealers

going after your factories; we are not surprised at this, certainly, if you go after theirs, they are going back after yours; at least we would and don't presume they are any different than we are.

We told you before that we are satisfied with the number of cheese you are getting and there are times when we are getting too many. Now, we are the people that have to pay the bills and we would like to have you follow our instructions the same as our other branch house managers do. It is getting so now that the factorymen are visited so often by the different cheese buyers, they have reached the stage where they have got to be nursed every day and it is this as much as anything else that is making the cheese dealers in Wisconsin so independent and they don't care what kind of cheese they make or the kind of weights they give.

These are the same kind of complaints this firm used to receive regarding Blanke and it is for this reason we got rid of Blanke. We don't propose to be growled at all the time by our competitors and we want you to strictly understand that unless you can work as we request you, a change will have to be made. We are working for lower markets—we are entitled to them, but heaven knows we will never get them as long as we tread on the toes of our competitors.

In [I] don't expect to be in Plymouth next Monday or the Monday after, but just as soon as one of the men get time to go over and buy your cheese trier, will forward same to you.

Yours very truly,

NEENAH CHEESE & COLD STORAGE COMPANY.

JBMc/

The next is a letter of complaint to F. W. Brehm by Neenah Cheese & Cold Storage Co. for paying premiums:

JULY 19, 1917.

F. W. BREHM,
Sheyboygan, Wis.

MY DEAR FRIEND FRED: In days gone by it seems to have afforded the cheese dealers of Wisconsin a good deal of pleasure to find fault with the Neenah Cheese & Cold Storage Co., for paying premiums. Now that we have gotten rid of our friend Blanke we are on the other side of the fence, but I can assure you it gives me no reason for joy to have to criticize your man at Fennimore, McCormick.

Tuesday morning I wired my man at Minera Point to buy on the Highland Board his share of the cheese at not to exceed 19–3/4¢. I have a letter from him today advising me that he bought 125 boxes at 20¢. The reason for the advance was that the Plymouth Cheese Co., and J. L. Kraft Co's man all had complained about McCormick trying to take cheese off the Highland Board by offering each shipper a sixteenth over the market. They thought by raising the market they were doing something wonderful. Now, we are not crazy about the Highland Board altho we occasionally buy a few cheese there. We have never tried to "hog" it but have always been willing to divide up with

the other fellow. However, I wrote my man to-day that in the future, if there are any premium offers paid and they want to make our friend McCormick sick of the Highland Board, they were to raise it at least 1¢ or 1–1/2¢ a pound.

"Put the soft peddle" on this fellow Fred and I am satisfied we will have no reason to criticize your actions. They are high enough Lord knows without putting any additional premiums on them. Will probably see you Monday at Plymouth and may have time to talk matters over with you then.

With kindest personal regards, believe me,

Sincerely yours,

JBMc/

Brehm replied:

JULY 20, 1917.

Attention Mr. J. B. McCready

NEENAH CHEESE & COLD STORAGE CO.,
Chicago, Ill.

DEAR MAC: Yours of the 19th received and I note all you say in regard to affairs on the Highland Board this week. We have never instructed Mr. McCormick to take cheese off that Board by offering 1/16¢ over and we do not believe he has done so. All we want on the Board is one or two lots of cheese. It does not make any difference to us how high they run the Highland Board up in price, as we are not getting any cheese based on it. We will send your letter to Mr. McCormick to-day and ask him to explain to us whether or not there is any truth in it.

As I wrote you before, we are not keen on this premium business. I have never paid it and altho I could do a whole lot of business more in other shapes that are handled here, if I went out and paid a premium, still, it has been against my ideas of good business and I have never done it.

As I wrote you before, we are paying one man 1/16¢ over because he saves us 10¢ extra freight by shipping from another point.

Yours very truly,

F. W. BREHM & CO.,
Per F. W. BREHM.

FWB/CR

The head men at Chicago keep a close watch on the cheese market and on the activity of their cheese firms. If any fails to put up its share of cheese on the Plymouth board for the purpose of controlling the market, it is reported at Chicago and the firm is reprimanded. Below is a letter which shows that Mr. Teissler, of Armour & Co., called the attention of Neenah Cheese & Cold Storage Co. to the fact that they were not furnishing their share of cheese to the Plymouth board:

JULY 20, 1917.

C. E. BLODGETT,
Marshfield, Wis.

MY DEAR FRIEND: Have just been talking with Mr. Teissler. He seems to be of the opinion that we have not been furnishing any cheese; just want to say that we have been furnishing 75 Twins a week to Simmons and I don't believe the "old terrior" puts them all on the Board.

I am notifying Simmons to-day that we don't have any more to offer thru him. Monday I will tell Wiedegarden to put on 100 Twins for us with your offerings. You can notify Mr. Cannon at Neenah where these cheese are to be shipped.

Yours, very truly,

NEENAH CHEESE & COLD STORAGE COMPANY.

JBMc/

The Neenah people wrote to Armour & Co.'s consignment agency in Montreal, Canada, the following letter, which explains how the Plymouth market was made the previous week:

OCT. 9, 1917.

HODGSON BROS. & ROWSON,
Montreal, Canada.

GENTLEMEN: The Plymouth market yesterday was as follows:

Twins	23¢
Daisies	25¢
Young Americas	25¾¢
Longhorns	26¼¢
Squares	27¼¢

We put 800 boxes Twin cheese on under the factorymen's name and in this way held the Twin market to where we got it. However, we would not be afraid to bet that next week they will raise the market on us again unless we do exactly what we did this week.

Yours, very truly,

NEENAH CHEESE & COLD STORAGE COMPANY.

JBMc/

The activity of the cheese brokers and speculators who buy for wholesale grocery firms on the Plymouth board at times prevents the packer cheese firms from making the Plymouth market at their own will. This is illustrated by a letter of October 22, 1917, to McCready by John Kirkpatrick, a cheese dealer; the last paragraph being on this point:

JOHN KIRKPATRICK
Wholesale Cheese Dealer

RICHLAND CENTER, WIS., *Oct. 22, 1917.*

MR. J. B. MCCREADY,
c/o Neenah Cheese & Cold Storage Co.,
Chicago, Ill.

DEAR SIR: Referring to conversation had with you with reference to the Melanthon Creek Factory's cheese, in which I told

you that I had not taken any cheese from your warehouse, I am informed by my buyer, Mr. Madding that these cheese were originally billed to me but delivered to your warehouse. I did not buy the cheese, and did not know that they were coming here, and was surprised when Mr. Nisbet sent them over here. My man called him up on the telephone, asking what he meant by sending the cheese over here, and he replied that he did not want them. Our reply was that we did not want them either, and we are very sorry that we even kept them.

I also wish to repeat what I said to you, that I never expect to take any cheese out of your warehouse, as there is plenty of cheese for everybody, and there is no need of our tramping on each other's toes. Moreover, I do want to keep friendly with all of my competitors.

I hear that some of you will try and bust the Plymouth market to-day, and hope you will be successful as it will start some export business, if you get prices down low enough and it will be a lesson for outsiders to quit speculating in stuff that they do not usually handle and in this way will put the market on a reasonable basis.

Yours, very truly,

JOHN KIRKPATRICK.

JK:AP

The following letter indicates that the Cudahy Packing Co. does not always stay in line with the other packer cheese dealers:

OCT. 23, 1917.

Mr. JOHN KIRKPATRICK,
Richland Centre, Wis.

MY DEAR SIR: Yours of the 22nd received and noted. We have given Nisbet instructions that we don't want him to take any cheese from your house and we don't expect you to take any from him. We want to get along as well as we can with all of our competitors but there are some of them the Lord himself could not get along with.

We tried to make a reasonable market yesterday at Plymouth and would have done so if it had not been for Fred Dow's man pushing the market—we presume on orders for Cudahy Packing Co. There was a while when it looked tho Twins were going to stand at 20¢, Daisies 22¢, and Longhorns at 22¼¢—this is exactly where they should have stood if they wanted to be right. I am in hopes that we will soon get the market down where it belongs.

Yours, very truly,

NEENAH CHEESE & COLD STORAGE CO.

JBMc/

Section 4. Agreements in the creamery and butter industry.

Swift & Co is the largest single factor in the United States in the handling of butter. This is shown by evidence from the files of Swift & Co. Armour & Co. is also an important factor in this line. Both Swift & Co. and Armour & Co., the first operating as Libby,

McNeill & Libby, have entered extensively the business of putting up condensed and evaporated milk. The other packers have not been found in the condensed milk business nor, to any great extent, in the cream buying and creamery butter making business. The Cudahy Packing Co., through its subsidiary the D. E. Wood Creamery Co., has recently entered the creamery business. Morris & Co. does some business through Sherman White & Co. All the big packers, however, through their owned or controlled poultry and egg buying stations collect packing stock butter made by the farmers, which they renovate and distribute.[1]

DIVISION OF TERRITORY.—The area of greatest milk production, aside from those eastern dairy districts which supply fresh milk to the cities and the cheese producing sections, is practically covered by the creameries, condensaries, and cream buying stations of the big packers and their subsidiaries. Fifteen hundred and sixty-one creameries, condensaries, and cream stations of the packers were reported to the Commission, of these 1,262 were of the Swift group and 293 of the Armour group.

The territory covered by each packer group is practically distinct. Of the 1,561 locations covered by packer-controlled concerns there are only 29 towns where cream buying stations of two or more packer groups are located. In 25 of the 29 towns the A. S. Kininmouth Produce Co., has stations in the same towns as Swift & Co. In this connection it should be said that Armour & Co.'s control of the A. S. Kininmouth Produce Co. was only recently acquired.

The division of towns for the collection of cream is not identical with the division for poultry even in districts where both are produced. In a few towns the poultry buying station of one packer acts as a cream buying station for another packer.

SWIFT & CO.

For the purpose of making a survey of the division of territory in the creamery and butter business the following concerns were included in the Swift group:

Swift & Co., Chicago, Ill.;
Libby, McNeill & Libby, Chicago, Ill., owned by Swift & Co.;
F. M. Stamper Co., Moberly, Mo., controlled by W. F. Priebe;
Centralia Butter Co., Centralia, Ill., output handled by W. F. Priebe Co.;
Union Meat Co., Portland, Oreg.;
Western Meat Co., San Francisco, Cal.

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[1] Division of territory in butter buying is treated in Section 5 in connection with poultry and egg buying.

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ARMOUR & CO.

The territory credited to the Armour group includes districts in which milk or cream is collected by the following:

Armour & Co., Chicago, Ill.;
Kentucky Creameries, Louisville, Ky., owned and operated by Armour & Co.;
Pacific Creamery Co., Tempe, Ariz., owned and operated by Armour & Co.;
Wisconsin Dairy Products Co., Stoughton, Wis., controlled and operated by Armour & Co.;
Eau Claire Creamery Co., Eau Claire, Wis., controlled by Armour & Co.;
A. S. Kininmonth Produce Co., Winfield, Kans., controlled through one-half stock ownership and through contract by Armour & Co.;
Nicholson Ice & Produce Co., Denison, Iowa, controlled through one-half stock ownership and through contract by Armour & Co.

THE CUDAHY PACKING CO.

This includes the D. E. Wood Butter Co., Evansville, Wis., acquired April 1, 1918, by Cudahy Packing Co., and the Peacock Creameries at Fennimore and Mount Hope, Wis., the output of creamery butter from which is handled by the D. E. Wood Butter Co.

MORRIS & CO.

This includes only Sherman White & Co., with plant at Fort Wayne, Ind., and buying stations at Peru, Warsaw, and Pennville, Ind.

PRICE AGREEMENTS.—Although the cream and butter buying territories of the various groups touch at a few points, the division of territory as between the packers is practically complete. This makes buying competition a negligible factor, although there are concerns of varying size still operating in parts of those territories. In some cases the output of such other concerns passes through the hands of the packer, so that they can not be considered real competitors. There are some independent concerns with plants and cream-buying stations sufficiently near to make them competitors of the packers.

The letters below illustrate the methods by which the big packers at times combine with these supposedly independent competitors to fix prices jointly. It may at first glance seem that Swift & Co., were desirous of having no agreements, but these letters were written when prosecutions in Missouri and Kansas were imminent and the "general man" policy, which has already been explained on pages 108–109, was proposed for the produce department by Swift's attorney as a method of keeping prices in line without the dangers connected with written agreements or communications among the local managers.

The following letter from Louis F. Swift to Edward F. Swift on arch 25, 1915, explains the efforts of Swift & Co. to break up their cal agents' habit of making recorded price agreements and espeally of writing incriminating letters:

CHICAGO, *March 25, 1915.*

Mr. EDWARD F. SWIFT,

The Missouri Supreme Court has fined us $25,000 which I suppose may have to be paid. This old suit was started during the National times.

It is said they never would have fined us except for what they have turned up in connection with the other suit in relation to the Produce Department and, of course, our chances on the Produce Department suit are immensely hurt on account of this $25,000 fine being on record.

If we should be defeated on the Produce Department suit, then we would have two recorded against us, which would make it extremely easy for them to get a third conviction.

Consequently we must give positive instructions to the Produce Department and all other departments to keep themselves clear.

Dict. L. F. S. LOUIS F. SWIFT.

M S B

J P M—Please see that the Produced Dept. understands this and is governed accordingly. L. F. S.

These instructions to the produce department evidently had no ore than temporary effect, for in a series of letters and memoranda om the files of Swift & Co. is evidence that the old methods of ppressing competition were not discontinued. The legal department, represented by R. C. McManus, frequently expressed fears H. B. Collins, head of Swift's produce department as here dicated:

SEPTEMBER 10, 1915.

Mr. H. B. COLLINS,
Second Floor.

RE: CONDITIONS AT SEDALIA, MISSOURI.

Referring to your inquiry of the other day regarding certain letters picked up at Sedalia: We would object to such letters for the following reasons:

Some of them are addressed to you by competitors, and some are addressed to you by agents, and where the agent acts, you act. The agent usually says he has been in to see his competitor, and we must object to agents communicating with competitors and fixing or attempting to fix and regulate prices.

We take it that this man Dille is a competitor.

The letter from J. M. Cook admits that Cook, who is undoubtedly your agent, and two competitors have an agreement on prices.

Your agent at Higginsville says that he is paying 1¢ less than his competitors and went to see his competitors, one of whom

said he would get down with him, and that on account of another party paying a higher price he could not succeed.

It seems to us that these letters are exceptionally poor. Am surprised that you can not see anything wrong in them.

R. C. McManus.

CJT*LL CJT

Law Dept.

Copy—E. L. Ward.

Chicago, *Aug. 4, 1916.*

Mr. H. B. Collins,
Second Floor.

We are informed that Mr. Brady of Ottumwa Creamery makes a practice of and has held, within the past thirty days, telephone conversations with competitors relative to territory and prices.

This practice, if presisted in, will lead to serious trouble. Presume you will take this up for regulation and elimination at Ottumwa as well as at all other points. Please advise.

R. C. McManus.

Law Dept. FLH

FLH:S

Chicago, *September 22, 1916.*

Mr. H. B. Collins,
Second Floor.

Replying to yours of the 20 inst., the Managers have had ample instructions on the matter of making price and territorial agreements. It is evident that they occasionally overstep the instructions and transgress the law.

It is impossible from reading a letter or memorandum of telephone message to say how it would sound in a prosecution case. There is certainly no need of houses writing or receiving letters from competitiors or talking on the telephone about prices. A General Man should be able to know all about prices in a big territory and to instruct his houses specifically. I would favor this even if the General Man did nothing else, and it would be possible I think to keep close enough to the General Man to be reasonably sure of safety.

I feel that the present situation is dangerous and unsatisfactory and I wish that you could bring yourself to a fair trial of the General Man policy.

R. C. McManus.

Law Department,
R. C. M.—I. O. B.

February 10, 1916.

Mr. H. B. Collins,
Second Floor.

Attached hereto is a copy of a report of Auditor Fahey in regard to the method used by Lincoln, Nebr., in purchasing cream.

Conferring or writing to a competitor to find out why their agent is exceeding the card price and the subsequent instruction to the agent of competitor to have his prices correspond with the cards and the agents compliance therewith, is in itself a violation of both State and Federal laws. This practice should be stopped immediately.

In this connection will say that our recent investigation disclosed that prices paid by creameries in Nebraska are more nearly uniform in price and date effective than those of any other State, indicating that Lincoln had not been properly instructed or that they are not following instructions.

Will you please take up and correct, advising what has been done?

R. C. McMANUS.

Law Dept. F. L. H.

FLH*W

Copies to Messrs. F. S. Hayward, E. L. Ward, Henry Veeder.

The following memorandum, without signature and undated, was found in the files of Swift & Co. on March 1, 1918, by a representative of the Federal Trade Commission:

> Branch house correspondence has been inspected from 7/31 to date, and none of the correspondence violate instructions as outlined in your circular of June 26th.
>
> The following is method of keeping prices in line here:
>
> Our card goes out the day after competitors' card, bearing same price. Elgin market is supposed to control this.
>
> When we find that a certain station is not following card price they call him up to find reason, and his statements in most cases are that competitor is paying the price and he has to do the same to get the business.
>
> In order to keep station on profitable basis, this office confers with competitors to find why their agent is exceeding card price, and competitor instructs his agent to get his price to card basis.
>
> I believe this same method is used among all these produce houses, altho in most cases managers and solicitors won't admit it.
>
> Believe it would be an easy matter for an outsider to get evidence that it is pretty well understood between our houses and competitors as to what prices are to be.

March 1, 1916, Louis F. Swift again issued instructions, accompanied by a copy of the injunction of May 26, 1903. This was done by Swift just after the introduction, in February, 1916, of resolutions in the House of Representatives calling for an investigation of the packing industry. Swift's instructions appear from the following letter to Collins, of the produce department:

SWIFT AND COMPANY.
Union Stock Yards.
Chicago.

L. F. Swift
President.

MAR. 1, 1916.
Letter No. 1653.

Mr. H. B. COLLINS, *Produce Department.*

DEAR SIR: Enclosed please find copy of decree of May 26th, 1903, as modified by the Supreme Court, in which the injunction

issued in the Suit of the United States vs. Swift & Company and others, is made permanent.

We again bring this to your attention and advise you that you are absolutely prohibited from entering into any agreement or combination, either personally or for Swift and Company, which will in any manner violate the injunction or the Sherman Anti-Trust Law.

This letter and copy of injunction bear serial numbers, and are to be retained for your files.

Please acknowledge receipt of both documents on the blank enclosed for that purpose.

Awaiting your reply,

Yours truly,

SWIFT & COMPANY,
L. F. SWIFT, *President.*

That Swift had reason to be concerned about the existence of agreements between his house and their competitors is indicated by a letter of March 1, 1916, from McManus to Collins, transmitting an extract from a report on the activities of their (Swift's) station at Clarinda, Iowa. According to this letter, Auditor Rapp's duties were to "comb" the files of the stations and remove any incriminatory letters.

MARCH 1ST, 1916.

Mr. H. B. COLLINS,
Second Floor.

The following is extract from Auditor Rapp's report on conditions in Clarinda:

"This point seems to be a bureau of information regarding competitors' prices on territory. Manager calls up various creameries and ascertains what prices they are giving out and also advises what prices he is going to put out, then calls Creston, Trenton, Chillicothe, Des Moines and posts them on such matters. Under date of the 13th, I think it was, the manager received a letter from Cook, Manager at Trenton, stating that he could not get his price down because Meriden Cry. would not come down on their price. Manager destroyed the letter but it would no doubt be a good idea to bring up with Trenton in regard to Anti-Trust Laws, etc., as it is evident they are careless about contents of letters in respect to price arrangements.

["]Examined all correspondence and with exception of ones forwarded to F. J. G. under personal cover, found no others that would conflict with your circular of June 26, 1914."

This should be checked up and the matter corrected.

R. C. MCMANUS
CJT

CJT*LL
Law Dept.
Cc—H. V.

The manager of Swift & Co.'s produce department initiated measures to compel agents and dealers to word their statements carefully and handle conversations so that they could not be construed as agreements:

MARCH 9, 1916.

PRODUCE DEPT—CHICAGO

While in Alma, Mich. Feb. 26th, talked to Mr. Sigler, Manager and Mr. Potts, Asst. Manager and Mr. Tuck, traveling auditor covering our instructions on agreements.

That they were definitely instructed by Mr. L. F. Swift as well as the Produce Dept. that no agreements of any character would be made with competitors, covering prices, territory or any other features. Therefore, any deviation would reflect personally upon them.

Also talked with them thoroughly on what constituted an agreement and what would not constitute an agreement—that they were to be very careful any statement they made to any other dealers would be carefully worded and could not be construed as an agreement.

Further, that any conversation or statements made by any other dealers to them should be answered and handled in such a way that it could not be construed as an agreement.

H. B. COLLINS

HBC*R

JYM LED Are you handling as above with all plants you visit?

HBC

These general admonitions and instructions were disregarded by some agents, and on June 14, 1916, H. B. Collins sought to teach agents how to word their letters so as to keep out of trouble.

As an illustration of how seriously Swift's instructions to his managers and agents were taken by them, J. B. Smith, to whom Collins' letter is addressed, was instructed on April 8 as to avoiding agreements, which instructions Smith acknowledged in writing and yet only three days later, as shown by one of the inclosures of the following letter, he was instructing the Swift agent at Eldora that "We must get our station prices to a lower basis. If for any reason our competitors will not go to this basis, please call us up."

[Copy] to Mr. C. J. Tressler—Legal Dept.

JUNE 14, 1916.

Personal
Mr. J. B. SMITH,
Mgr. Produce Dept.
Iowa Falls, Ia.

DEAR SIR:

AGREEMENTS AND CORRESPONDENCE ABOUT PRICES.

We enclose herewith marked #1 and #2, copies of letters taken by our Auditor from your files. The last sentence of letter No. 1 reads—"If for any reason our competitors will not go to this basis, please call us up."

This is not at all advisable and while we suppose you anticipated, if our prices were lowered, the other dealers would get this information and lower their prices also, your agent might have misconstrued your letter and an outside or third party might also misconstrue the meaning and bring on an embarrassing situation.

We also attach copy of letter from your agent at Traer, marked #3 and copy of your reply, marked #4. Your letter does not read as it should. We suppose it brought out the factor of your not desiring to buy sweet cream because it was not profitable. You should have stated this clearly, leaving out any other factors that might be misinterpreted in your letter.

In view of the fact that Mr. Marshall went into this matter of handling your correspondence and absolutely keeping away from agreements, covering with you in every detail on April 8th and holds your acknowledgement thereon, we are unable to understand why you do not conduct your correspondence in manner that will prevent any possible criticism.

Awaiting your reply,

SWIFT & COMPANY.

Produce Dept
HBC*R

Inclosures Nos. 2, 3 and 4 referred to in the above letter were:

[#2]

APRIL 11, 1916.

SWIFT & COMPANY,
Eldora, Ia.

DEAR SIR: Would like to have you make your station price 32¢ upon receipt of this letter. Eastern butter markets are all lower and we must get our station prices to a lower basis. If for any reason our competitors will not go to this basis, please call us up.

Yours respectfully,
JBS SWIFT & COMPANY.

[#3]

TRAER, IOWA, *April 26, 1916.*

SWIFT & COMPANY,
Iowa Falls, Ia.

DEAR SIRS: I went over to the creamery and talked to Mr. Olson this morning. He admitted to me that he was not sure what these other towns were paying around here. However he does not feel that he should drop the price yet. So this is the way things stand at the present time.

Yours very truly,

T. SCOTT & SON.

[#4]

APRIL 29, 1916.

T. R. SCOTT & SON,
Traer, Iowa.

DEAR SIR: Refering your favor April 26th, beg to advise that Mr. Olson wishes us to discontinue buying sweet cream at Traer and would be pleased for you to buy as little sweet cream as

possible at present price without hurting your business as it is not a paying proposition for us to handle sweet cream, especially at this time of year.

Would like very much to get cream station price to 30¢ Monday morning if possible. Would be pleased to have you handle on this basis.

Yours respectfully,

JBS SWIFT & COMPANY.

As brought out in Smith's reply inclosures "Nos. 1 and 2 were the me letter to two different points." He promised to avoid in the iture writing letters which "can be misconstrued in this manner."

His reply was:

SWIFT AND COMPANY,
Iowa Falls, Iowa, June 15, 1916.

SWIFT & COMPANY,
Desk A,
Chicago, Ill.

GENTLEMEN:—

AGREEMENTS IN CORRESPONDENCE ABOUT PRICES JUNE 14TH HBC.

Referring your letter regard our correspondence to cream agents. Our letters Nos. 1 and 2 were the same letter to two different points and note that we have given the wrong impression on these; also in regard our letter to Mr. Scott at Tracer [Traer], this is rather misleading:

Will be very careful in future that note [none] of our correspondence is misleading and can be misconstrued in this manner.

SWIFT & COMPANY
JBS—AM Per J. B. S.

On September 1, 1916, Swift & Co. were considering the abolition f agents in the produce department (see memorandum from Collins) F. S. Hayward, secretary of Swift & Co.):

SEPTEMBER 1, 1916.

Mr. F. S. HAYWARD, *Building.*

Referring to the attached, this seems to be case of several ignorant country merchants or agents of the different creameries, including our own, getting together and forming an agreement and conspiring to put another man out of business.

Some time ago each creamery was notified to put each of their agents on record that under no circumstances were they to make any agreements or do anything illegal.

Our manager should have immediately wired them, on receipt of their communication dated the 26th, that we would not be a party to any such agreement and discrimination and that unless they immediately withdrew from the agreement they had entered into they would be disbarred as our agents.

The matter has been handled sharply with our manager and our agent.

We have under advisement, per our letter even date, cutting out all cream agents or produce agents in the state of Missouri,

simply buying their product instead of having them act as our agents and if it works out satisfactorily there, will probably do the same thing all over the country.

HBC* R

Section 5. Division of territory in poultry, egg, and butter buying.

Amount of business controlled by the packers.—The big meat-packing companies entered the business of collecting, packing, shipping, and selling poultry, eggs, and packer stock butter less than 20 years ago. So rapidly have they progressed that in 1917 the Big Five had a control estimated in the trade to be over 65 per cent of the dressed poultry and eggs shipped in the United States and are also large shippers of butter. The Swift interest is the largest factor in the trade; the Armour interest the second largest; and each of the other three big packing interests is a large factor.

There are two methods by which the big packers acquire ownership of poultry, eggs, and butter. They own or control poultry and egg packing plants and buying stations[1] through which they purchase the products from the farmers or country merchants, and, secondly, they buy from outside poultry, egg, and butter dealers, such as original packers and wholesale distributors. The Swift and Armour interests get most of their poultry, eggs, and butter through the poultry and egg packing plants and buying stations which they own or control; whereas the Morris interest owns or controls fewer such plants and buys more heavily from outside dealers. The Wilson interest and the Cudahy interest buy most of their poultry, eggs, and butter from outside dealers.

There are 89 poultry and egg packing plants and 222 buying stations thus far indentified by the Commission as being owned or controlled by the big packing interests. Of these, the Swift interest owns or controls 52 packing plants and 180 buying stations; the Armour interest owns or controls 26 plants and 31 buying stations; Morris interest owns 2 plants and 6 stations; Cudahy, 2 plants and 2 stations; Wilson, 7 plants and 3 stations.

Territorial division.—These big packer owned or controlled poultry and egg establishments are located in the chief producing area in the country, but within this area each operates in different territory. Of the 89 poultry and egg packing plants and 222 buying stations owned or controlled by them, at only 10 places do two or more of them have plants or buying stations. Following are the concerns which were found to be owned or controlled by each of the five big packing interests:

THE SWIFT INTEREST.

Swift & Co., Chicago, Ill.;
W. F. Priebe Co., Chicago, Ill., owned by Swift & Co.;

[1] At which packing stock butter, as well as poultry and eggs, is generally bought.

Atlantic Produce Co., Atlantic, Iowa, branch of W. F. Priebe Co.;
Audubon Produce Co., Audubon, Iowa, branch of W. F. Priebe Co.;
Earlham Produce Co., Earlham, Iowa, branch of W. F. Priebe Co.;
Harlan Produce Co., Harlan, Iowa, branch of W. F. Priebe Co.;
Manning Produce Co., Manning, Iowa, branch of W. F. Priebe Co.;
W. B. Parrott Co., Carroll, Iowa, branch of W. F. Priebe Co.;
T. D. Winders Co., Aledo, Ill., branch of W. F. Priebe Co.;
W. H. Schreitling, Monmouth, Ill., branch of W. F. Priebe Co.;
W. A. Schwartz Produce Co., Lanark, Ill., Branch of W. F. Priebe Co.;
L. G. Grampp Produce Co., Sterling, Ill., branch of W. F. Priebe Co.;
Martin Schulze, Bushnell, Ill., branch of W. F. Priebe Co.;
F. M. Stamper Co., Moberly, Mo., purchases financed by and sold through the W. F. Priebe Co.;
A. B. Cole & Sons, California, Mo., total output sold through W. F. Priebe Co.;
Frank Grampp & Co., Princeton, Ill., all purchases financed by and sold through W. F. Priebe Co.;
Patterson & Plunkett, Viola, Ill., output sold through W. F. Priebe Co.;
Western Packing Co., Spirit Lake, Iowa, poultry and egg collection go to W. F. Priebe Co.;
Centralia Butter Co., Centralia, Ill., total output of poultry and eggs sold through W. F. Priebe Co.;
Sac City Produce Co., Sac City, Iowa, output sold through W. F. Priebe Co.;
Union Meat Co., Portland, Oreg.;
Western Meat Co., San Francisco, Cal.

THE ARMOUR INTEREST.

Armour & Co., Chicago, Ill.;
Kentucky Creameries, Louisville, Ky., owned and operated by Armour & Co.;
Aaron Poultry & Egg Co., Kansas City, Mo., controlled by Armour & Co., through 50 per cent stock ownership and contract for sale of output;
A. S. Kininmonth Produce Co., Winfield, Kans., controlled by Armour & Co., through 50 per cent stock ownership and contract for sale of output;
Nicholson Ice & Produce Co., Denison, Iowa, controlled by Armour & Co., through 50 per cent stock ownership and contract for sale of output.

THE MORRIS INTEREST.

Morris & Co., Chicago, Ill.;
Sherman White & Co., Fort Wayne, Ind., controlled by Morris & Co., through majority stock ownership;
Smith Wright Co., North Williston, Vt., packing plant at Albert Lea, Minn., owned by Morris & Co.;
C. F. Bishop, Inc., Quincy, Ill., arrangement for preference to Morris & Co. in purchase of output.

THE CUDAHY INTEREST.

The Cudahy Packing Co., Chicago., Ill.;
Sunlight Produce Co., Sioux City, Iowa, owned by the Cudahy Packing Co.;
D. E. Wood Butter Co., Evansville, Wis., owned by the Cudahy Packing Co.

THE WILSON INTEREST.

Wilson & Co., Inc., operates all its poultry and egg business in its own name.

OTHER FIRMS IN THESE TERRITORIES.—There are several other poultry and egg firms operating in the packer districts which sell a large proportion of their products to one or more of the big packers, without having, so far as the Commission could ascertain, any control by packers through contract or stock ownership. The territories of such companies are seldom invaded by the packer interests, being generally treated as they treat the territories of one another. Within the territories covered by the packer interests there are some independent dealers operating who do not always dispose of their produce through packer companies. The number of such, however, is rapidly decreasing.

The following letter, written by H. B. Collins, manager of the produce department of Swift & Co. speaks of "our territory" and illustrates how completely the company plans to have the produce pass through its hands:

MAY 31, 1916.

Messrs. L. E. DUNKER,
J. Y. MARSHALL.

PRODUCE DEALERS.

Think we should instruct our managers, where there is not a good reliable produce dealer or produce dealer that favors us with their product, that we try to grow or make a produce dealer in each town in our territory.
H B C-R

Section 6. Combinations and monopolies by packers in the rendering business.

In the rendering business the large packers have succeeded in creating well-defined monopolies by effecting combinations and driving smaller competitors out of the field. In this field the monopoly is exercised over the purchase of the raw materials used in the business. The five large packing interests have secured an absolute monopoly of the dead animals at each of the large stockyards centers. In these stockyards cities and at other points they have succeeded, either singly or in combination among themselves or with others, in exercising a monopoly in taking up dead animals outside of the stockyards and in the collection of waste materials from the city meat markets.

At Chicago, the Globe Rendering Co., which is almost entirely owned by the Morris, Swift, Armour, and Wilson interests, for a long time has held exclusive contracts for the dead animals at the Chicago Union Stock Yards. In the collection of waste materials from the meat markets in the city, a rigid division of customers is maintained between Darling & Co. (controlled by Morris and Armour interests) and the General Rendering Co. (owned by Wilson & Co., Inc.). These two companies bid up the market for waste material whenever an independent renderer or collector comes into the field.

At St. Paul, Minn., the Union Rendering Co., a Swift concern, has a monopoly of the dead animals at the local stockyards.

Swift & Co., and the St. Joseph Rendering Co., a nonpacker concern, are in combination at St. Joseph, Mo., whereby Swift & Co. collects all the dead animals at the stockyards and divides with the rendering company the city territory for the collection of waste materials from the meat markets.

At Sioux City, Iowa, the Iowa Rendering Co., owned jointly by the Swift, Armour, and Cudahy interests has a monopoly of both the dead stock at the stockyards and the market waste material in the city.

At Omaha, Nebr., all the dead animals at the stockyards go to the Union Rendering & Refining Co., controlled by Swift, Morris, and Cudahy interests. This rendering company also has a monopoly on the waste materials of the Omaha meat markets, having for 20 years or more succeeded in excluding all competition by bidding up the market for shop fats and bones as soon as another concern offered competition.

The Standard Rendering Co., all of the stock of which is owned by the Big Five interests, has a monopoly on the purchase of the dead animals at the Kansas City stockyards and in the city, and it also renders nearly all the waste material coming from the markets of the city.

At Denver, Colo., the Union Rendering Co., owned entirely by Swift and Armour interests, secures all the dead animals from the stockyards and divides the customers who sell waste material with the Capitol Rendering Works, an independent concern. Neither solicits customers of the other and each pays the same prices for waste material.

At East St. Louis, Ill., the East St. Louis Rendering Co., owned by Morris and Swift interests, has a monopoly of the dead stock at the stockyards and in the cities of St. Louis and East St. Louis.

At Boston, Swift & Co., and Wilson & Co., Inc., with the American Agricultural Chemical Co. and a few smaller concerns, have a well-defined combination in the collection of waste materials, which has made it almost impossible for independent concerns to get into the market.

Throughout New England, for many years the Consolidated Rendering Co., a Swift concern, has so covered the country with its subsidiaries that it has been able, by raising prices paid to butchers for waste material, to hamper greatly, or actually drive out of business, the competitive concerns which are operating or have tried to operate in this section. At present there is only one rendering concern in the State of Massachusetts outside the Boston combination, only one in Rhode Island, and one in Connecticut.

In New York City the rendering business is almost entirely in the hands of Wilson, Armour, Morris, Swift interests, and the American Agricultural Chemical Co., among whom there is evidence of division of customers. Three or four independent concerns are operating there, but they do only a small proportion of the business.

The dead-animal rendering companies which operate at the large stockyards and have a monopoly there are invariably owned by big packer interests. The profits at the present time range from 40 to 120 per cent on the money actually invested. Attempts have been made to conceal these profits by issuing gift stock to stockholders and declaring dividends on the stock as thus expanded. This gift stock is issued not against surplus or any tangible assets, but against earning power derived from monopoly.

CHAPTER IV.

THE BANKERS AND THE COMBINATION—THE WILSON DEAL.

Section 1. Introduction.

The acquisition of control of Sulzberger & Sons Co. by powerful American bankers, with its transformation into Wilson & Co., Inc., is of importance in its bearings upon the history of the packer food combination and the tendency toward further monopolization of the food industries of the United States and other surplus food-producing countries.

Until 1915 the control of the packing industry was in the hands of the five families which had founded and developed the five large corporations which bore their names—the Armours, Swifts, Morrises, Sulzbergers, and Cudahys. The fortunes of these families had been made in the packing industry, and, while the packers had widely distributed financial interests which were more or less connected with the dominant group of New York bankers, there was no one of the five companies but had full control of its own affairs.

In 1915 the financial difficulties of Sulzberger & Sons Co. offered an opportunity for bankers to take control of one of the Big Five. In return for firm contracts of June 22, 1915, to refinance the company's paper which was to mature in June, 1916, the bankers secured control of the management and a right, on performance of their contracts, to secure 25 per cent of the common stock at $5 (par $100). In March, 1916, before the bankers carried out their part of the contracts, matters were brought to such a pass that new contracts were substituted by which, in return for financing a somewhat larger amount of bonds, the bankers and their associates secured 60 per cent of the common stock at practically the same price per share, forcing the Sulzbergers out except as minority stockholders, and subsequently changing the company's name to Wilson & Co., Inc. In the course of the negotiations numerous proposals for merging the Sulzberger company with others of the Big Five packers were considered, but none has yet been consummated so far as known.

The five New York banks thus identified with the packing combination through their control of one of the corporations in the combination were:

Kuhn, Loeb & Co.,
Guaranty Trust Co.,
Chase National Bank,
William Salomon & Co., and
Hallgarten & Co.

Kuhn, Loeb & Co. is a member of the most powerful financial group in the country, a group consisting of J. P. Morgan & Co., the First National Bank, the National City Bank, and Kuhn, Loeb & Co., of New York City; and Lee, Higginson & Co., and Kidder, Peabody & Co., of Boston. This group has been found to be "the most active agents in forwarding and bringing about the concentration of control of money and credit" in the United States.[1]

The Guaranty Trust Co. is controlled by J. P. Morgan & Co.,[2] a member of the dominant financial group just referred to.

The Chase National Bank is controlled by the First National Bank of New York,[3] another member of this dominant group.

The bankers, having absolute power through a five-year voting trust, sold stock at large profit without prejudicing their control of the policy of the company during the life of the voting trust.

The Illinois Trust & Savings Co., of which Edward F. Swift is a director, and the Continental & Commercial Trust & Savings Co., known as "an Armour bank," had profitable participation in the financing.

The history of the Wilson deal, with original documents published in the following pages, is significant in that it shows that the monopolistic power of the packing combination is fortified by the entrance into it of a powerful banking group.

Chronology of refinancing of Sulzberger & Sons Co., and of various mergers proposed.—As early as 1905 the Swifts were secretly attempting to acquire a majority of the stock of the Schwarzschild & Sulzberger Co., and by 1910 had secured more than one-third of the total outstanding stock. At that time L. F. Swift and Ferdinand Sulzberger agreed to compromise by forming a new company (Sulzberger & Sons Co.), with an increased capitalization, to take over the stock of the Schwarzschild & Sulzberger Co. The Swifts exchanged their low-dividend-paying voting stock in the old company for 6 per cent preferred stock in Sulzberger & Sons Co., and the Sulzbergers exchanged their common stock in the old company for the inflated common stock in Sulzberger & Sons Co. This assured the Sulzbergers control for the time being.

In 1913, on account of financial difficulties of the new company, Germon F. Sulzberger (whose father, Ferdinand, had meantime retired from the active management) asked the Swifts to take a greater financial interest in the company and assume its active management, and later made a similar proposal to J. Ogden Armour. Negotiations were continued in 1914 with Armour and Swift individually and mergers were also discussed with them. On June 14, 1915, Henry Veeder drafted a contract providing that Swift, Armour, and Morris purchase (through Swift) the entire Sulzberger & Sons

[1] House Rep. No. 1593, 62d Cong., 3d sess., p. 56. [2] Idem, p. 59. [3] Idem, p. 69.

Co. common stock at not to exceed $5 per share and divide its assets among them in the same manner and on the same percentages which had been used in the liquidation of the National Packing Co., but the Sulzbergers refused to accept $5 per share for their stock.

Meantime, for some months negotiations with a group of New York bankers had been going on, and on June 22, 1915, immediately following the Veeder proposal, the Sulzbergers signed contracts with the Chase National Bank, the Guaranty Trust Co., Hallgarten & Co. (Hallgarten & Co. also acting for Kuhn, Loeb & Co.), and William Salomon & Co.

These contracts provided that the bankers should purchase, on or before May 15, 1916, $9,000,000 bonds of Sulzberger & Sons Co. to retire its maturing debentures, and in return should have the opportunity to purchase from the Sulzberger family one-fourth of the common stock of the company at $5 per share. The contracts also gave the bankers the option up to January 1, 1916, of carrying out, as a substitute plan, a "larger transaction," namely, purchasing $17,000,000 bonds of the company and receiving onethird the common stock at $5 per share. Meantime, under the contracts, all the outstanding common stock of Sulzberger & Sons Co. was transferred to five voting trustees, three being representatives of the bankers, the old board of directors was partly reconstituted, and the bankers nominated the treasurer and the finance committee. Thus, pending the final settlement of the refinancing, though the Sulzbergers still retained their stock and had half the directors, the bankers had in their hands the financial policy of the company.

After securing this control, and while having a financial examination made to determine whether "the larger transaction" should be undertaken, the bankers devoted themselves to plans for merging the company with some one of the other big packing corporations. In September, 1915, the bankers proposed to merge Morris & Co. and Sulzberger & Sons Co., taking the proposition up with the Morrises and Sulzbergers and later with the Armours and Swifts. In January, 1916, negotiations for the Morris-Sulzberger merger were resumed and also negotiations for a Cudahy-Sulzberger merger were taken up; but the next month, resolutions having been introduced in Congress calling for an investigation of the meat-packing industry, both these negotiations were broken off.

The situation was becoming difficult for the Sulzbergers. The current finances of the company were by now in bad shape. In December, 1915, Germon Sulzberger had complained to Sulzberger & Sons Co.'s attorney, Paul D. Cravath, that the bankers' management of the company was proving financially detrimental to it. About the same time he had gone to Armour and Swift suggesting the sale of the entire com-

mon stock to them at $5 per share, the price they had tendered in June, but this offer of stock (now tied up in the voting trust) the packers did not accept. The bankers had not exercised their option to underwrite the "larger transaction," and on January 18, 1916, representatives of the bankers made the disturbing suggestion to Germon Sulzberger that they might not carry out their contract obligation to buy the $9,000,000 of bonds to care for the debentures due in June. Moreover, the British Government appeared to have concerned itself with the supposed German sympathies of the Sulzbergers, and English banks were threatening to refuse the company credits or facilities so long as the family was connected with it.

Because of these facts the Sulzbergers made a new proposal to the bankers that if they would finance $12,500,000 of the company's bonds the Sulzbergers would withdraw from all official connection with the company and would sell them a majority of its common stock at $5 per share.

On March 11, 1916, the Sulzbergers and the bankers canceled the contracts of June 22, 1915, and substitute contracts were signed whereby the Sulzbergers gave up their offices in the company and divested themselves of 60 per cent ($12,000,000) of the common stock for $649,000, or $5.41 a share. In return, the bankers agreed to underwrite a new bond issue of $12,500,000, and at their option further issues.

The bankers, thus in full control of the company, shared part of their stock with the two Chicago banks above refered to, and in conjunction with them made certain provisions for stock for Thomas E. Wilson, the new president of the company, in addition to that provided him by the Sulzbergers. Participants in the deal then sold stock to the public at great advances over the price paid the Sulzbergers—receiving $50 per share for large blocks of it—their control of the company being nevertheless protected by the voting trust. In addition to profit on stock, the bankers profited in the sale of the bonds.

In May, 1916, the name of Sulzberger & Sons Co. was changed to Wilson & Co., Inc.

The proposals to merge Sulzberger & Sons Co. with one or another of the large packing interests began in 1913 and recurred from year to year. In September, 1916, the bankers again brought up a Morris-Wilson merger plan for discussion, but the question of a governmental investigation was afterwards revived and no further records of the merger proposal have been found.

Throughout the year or more of negotiations which culminated in banker control of Sulzberger & Sons Co., now Wilson & Co., Inc., Swift and Armour were frequently consulted by the bankers and there are clear indications that they were not dissatisfied with the result.

Section 2. The Swift interest in the Sulzberger company.

The Schwarzschild & Sulzberger Co. was organized in 1893 by Ferdinand Sulzberger, who held more than a majority of the stock, the remainder being held so largely by associates of the Sulzbergers that it was a family affair, similar to Armour & Co.

Sometime prior to 1905, however, the Swifts sought to secure control of the company and through Edward Tilden, later president of the National Packing Co., secretly bought 4,875 shares of stock owned by Frederick Joseph.[1] Somewhat later Tilden also secured for the Swifts the Schwarzschild & Sulzberger stock of Moses F. Joseph and Samuel Weil, and made a contract with the Josephs by which they were to sell 3,000 additional shares in the event that Tilden secured a majority of the issued stock. Furthermore, Tilden made a contract for the exclusive services of Frederick Joseph, who remained with the Sulzberger company as secret agent of the Swift interests. By 1910 the Swifts had secured control of more than a third of the common stock of the Schwarzschild & Sulzberger Co., 16,088 out of 43,734 shares.

Ferdinand Sulzberger entered negotiations by which the Swifts, represented by L. F. Swift, agreed to compromise with the Sulzbergers by forming a new company (Sulzberger & Sons Co.) with an authorized capitalization of $20,000,000 common and $12,000,000 preferred stock to take over the stock of the Schwarzschild & Sulzberger Co. The Swifts exchanged their $1,608,800 low dividend-paying voting stock in the old company for $3,217,600, 6 per cent preferred stock in Sulzberger & Sons Co., and the Sulzbergers exchanged their common stock in the old company for the $20,000,000 inflated common stock in Sulzberger & Sons Co. Presumably this increase in the common stock was to make it difficult for others to secure control of the company. At least it assured the Sulzbergers control for the time being.

Section 3. Sulzberger negotiations with the packers, January, 1913–June, 1915.

In 1913 Ferdinand Sulzberger retired from active management of the business and turned part of his property over to his children, the management of the business having been placed in the hands of two sons, Germon F. and Max J. Sulzberger. Affairs did not run smoothly. The company did not make the profits which other packers were making and in other respects its operations were unsatisfactory. As early as January, 1913, the Sulzbergers were concerned about the financing of $8,100,000 debentures of the company which were due June 1, 1916. Certain banks were making

[1] People of the State of N. Y. ex rel. Frederick Joseph et al. v. The Schwarzschild & Sulzberger Co., filed Nov. 11, 1907.

inquiries about the provisions for renewing these debentures and otherwise questioning the company's credit. This is shown in the "Black Book," which is a business diary, containing memoranda of Germon Sulzberger's decisions, interviews, and transactions, and which is attached hereto as Exhibit 1.

From January, 1913, until December, 1914, Germon Sulzberger sought to induce the Swifts either directly or through Edward Tilden to take an interest in Sulzberger & Sons Co. and assume its active management. Tilden, known as "Black" in the Black Book, was then president of one of Swift's subsidiaries, Libby, McNeill & Libby.

SULZBERGER PROPOSALS TO PACKERS.—Germon Sulzberger, in the fall of 1914, entered negotiations with Armour and Swift for the purpose of disposing of Sulzberger & Sons Co. To this end a proposal was advanced for merging Sulzberger & Sons Co. with either Morris & Co. or the Cubahy Packing Co. In recording a meeting with Armour on October 27, 1914, at which Cravath, Sulzberger & Sons Co.'s attorney was present, Germon Sulzberger wrote:

> * * * Sanford [Armour] asked about earnings which I stated would show small margins after paying dividends. Cravath also mentioned value of properties. Sanford asked what Cravath recommended. Cravath made no recommendations but mentioned Crews having called on him in New York a few days previous and having suggested a possible combination between two or all of the three smaller people, namely, S. & S., Morris & Cudahy, and that of the three he considered the most feasible S & S and Morris, and that Crews had spoken very highly of Wilson. Sanford replied he did not think S & S and Morris could work together account of existing feeling between individual families. He thought Morris strong enough, and Jo. Cudahy although he did not know anything about he did not consider them strong enough. That he considered our results comparatively poor account too rapid increase in volume. I explained our comparative volume no increase since 1910, that where we suffered actually was high cost on account of smaller volume, also high interest rates for our monies, and high interest for unnecessary funds we carried.
>
> * * * * * * *
>
> My conclusion of the above is that Sanford is still contemplating a Morris Combination, with a view of selling stocks to the public. Also that Sanford is afraid to undertake proposition or even interest himself in it, without first "H" [Swift] committed.
>
> * * * * * * *[1]

[1] Exhibit 1 (B), p. 228.

a meeting on November 17, 1914, with Edward Tilden, L. F. t, and Edward Swift, Sulzberger urged the Swifts to come to the f Sulzberger & Sons Co. In reference to this meeting he wrote:

* * * * * * * [1]

I explained again that as to the necessity for something being done, that I personally did not want to sell out, as I believed in the future of the business, but that I was thinking only for the welfare of the Company and Name, and that I was forgetting own self in the matter. That if they did not wish me to remain I was of course ready to step out, also that in making this I did not wish if I were to retain a position that was to be considered in any sense a part consideration.

E. [Edward Swift] then said that they would not consider less than a majority, namely 51%. Black [Tilden] stated that this being a New York Corp. it would be necessary to have more than this to do certain acts such as mortgage, and that therefore some agreement would possibly have to be entered into.

* * * * * * *

ılzberger felt that the Swifts were trying to take advantage of in the negotiations. In a Black Book memorandum of a meet- on November 23, 1914, he recorded:

* * * I explained to Cravath that the Moon [Swift] people have not treated me very fairly, that they had forced me to come to these meetings alone and refused my suggestion of having either Max or Cravath attending meetings saying they wished only to speak with me. Also that they had not made any offer but had continued forcing me to make the offers to which I had, first 25 and then 15 per share, and their only intimation had been that they were ready to pay some nominal price, which they had not stated.

* * * * * * *

* * * I found later that Eddie [Edward Swift] was in Washington, I then arranged for Cravath who met Louis, and who reported about the following conversation, that Louis had expressed on the questioning of Cravath that he meant by nominal value from one to five dollars per share, that he personally was not ambitious in this matter but that Black and Eddie seemed to be somewhat more favorable. He then suggested for CRAVATH to meet Veeder that they might further talk over this matter. He also said that he felt that I had been exaggerating the seriousness of the situation and that everything would work out satisfactorily.[2]

ıt a meeting of December 2, 1914, with Louis Swift, Edward ift and "Black" (Edward Tilden), Sulzberger was discouraged Louis Swift in the following manner:

Louis explained that Rapp [Cravath] had talked to Veeder and that they had found no proper way of proceeding. I explained that I must have evidently misunderstood Rapp as he

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[1] Exhibit 1 (B), p. 229. [2] Exhibit 1 (B), p. 231.

had told me that they had decided that the thing could legally be done, and taken over by Black, and also that H [Swift] individually could acquire the property. Louis however explained that no matter what would be done the people would always understand that any property which Black would acquire would in fact represent H interests, and no matter what might be said to the contrary the impression would always be that H actually was controlling. This might very well lead to a government investigation and as they did not wish to run this risk they did not see how they could proceed. I said that as long as they talked this way there was no use of further of talking on the subject, but that of course I was greatly disappointed.

* * * * * * *

I made the suggestion of going to Bankers and trying to get some sort of a reorganization. They all said that there would be no use in this to their minds as I could not expect to get together a group of bankers who would understand the packing business and who would be afraid to act jointly not having sufficient confidence in each other, or a sufficient knowledge of the business. * * *[1]

On December 6 Sulzberger was further discouraged by Tilden, Swift's representative. He recorded:

* * * * * * *

* * * The meeting was a long one during which Black [Tilden] expressed himself very freely. I told him that Louis had raised the objection of all the stockholders objecting probably, and raising questions on account of each individually being interested in a competing company. Black said that there was nothing to this, as at the present moment each individually were the owners the company. Norse, Sqquair Starry, Barm also Springfield Provision Co. [i. e., the Swifts individually own stock in North Packing & Provision Co., John P. Squire & Co., The Sperry & Barnes Co.; also Springfield Provision Co.]. * * *[2]

In his interview with "Fish" [Sachs, of Goldman, Sachs & Co.] at New York on December 15, 1914, Sulzberger explained that nothing had resulted from his negotiations with Swift and Armour. He said:

I explained in further detail the negotiations which had been carried on between myself and H [Swift] and also Sanford [Armour]. I explained that nothing had resulted as in the case of Sanford, he raised the question as to the government attitude and wanted Rapp [Cravath] to go to Washington to get the O. K. of Gregory. But in the meantime Sanford had become sick, and had come to Lakewood. * * *[3]

Packer proposal for purchase and absorption.—In June, 1915, after Sulzberger had undertaken negotiations with a group of bankers,

[1] Exhibit 1 (B), pp. 233, 234. [2] Exhibit 1 (B), p. 236. [3] Exhibit 1 (B), p. 237.

again went to Swift. A plan was considered by Swift for Armour, 'ift, and Morris to take over the Sulzberger & Sons Co. and divide assets among them in the same manner and on the same per- ıtages which had been used in the liquidation of the National ıcking Co. This plan progressed so far, that on June 14, 1915, ·itings were prepared, two of which bear the initials of Henry eder, counsel for Swift & Co., consisting of a form of contract tween Armour, Swift, and Morris to purchase the Sulzberger & ms Co. common stock, through Louis F. Swift, at not to exceed per share; an agreement to be signed by Armour, Swift, and orris outlining the terms of liquidation; and a form of contract tween Louis F. Swift and Germon Sulzberger providing for the le of the common stock. (These documents are attached hereto as xhibit 3.)

By buying the $20,000,000 common stock at $5 per share and ղuidating the Sulzberger & Sons Co., Swift stated in a memoran- ım [1] that he and his associates would get the plants of the company 38 per cent of their book value.

Two days later—June 16, 1915—Germon Sulzberger refused to cept this offer because he believed he would be able to get a better fer from the group of New York bankers with whom he had for me months been negotiating for the refinancing of Sulzberger & ms Co. His refusal and an account of these tentative negotiations ith the bankers are set forth in the following memorandum from e "Black Book" recording an interview between himself and ouis F. Swift:

MEETING WITH MOON [LOUIS F. SWIFT] AT BILTMORE HOTEL, JUNE 16, 1915, AT 11:45.

I stated that my reason for reaching him at this late day was that I had supposed that my return to Chicago was due any day, and that I did not want to write him. I said that he ought to know of these matters, as he was a large stock holder, and had known of all other plans of late, and I explained that I had tried to get him on the wire before, and that it was impossible. He wanted to know the terms of the proposition. I told him that there were two different plans, the first securing the renewal of the debentures, and the second after investigating the properties and statements of the last three years carefully was a larger plan of financing the business by $15,000,000. He asked at what terms the debentures were to be renewed, and I said at the same general terms as the present debentures. I told him the demands of the Bankers, that they wanted 25% of the common stock, for the first plan, and 33% if the other negotiations went through. He said he would offer $1,000,000, for the entire business, but I said that I would not submit.

[1] P. 169.

He then asked to see the property accounts, which I gave as follows:

Chicago	$4,800,000
Kan. City	2,800,000
New York	3,350,000
Cars	1,800,000
Okl	1,800,000
Prop. Invest	9,000,000

Total Property, about $21,000,000.

He asked me to name the Bankers, and I gave him the names of Salomon, Hallgarten, and Schiff [Kuhn, Loeb & Co.], and said there were others whose names were not to be given, and stated that the name of Schiff was strictly confidential as was in fact all that I was telling him. He said that he understood this.

I explained to him that matters were practically closed, and that the only thing we were waiting for was that we had mentioned that as long as the names of only Salomon and Hallgarten were to be given, we thought that some stronger Bank should also be interested whose name we could use. I said that the Bankers agreed, and that now matters were being arranged between themselves. That I felt a moral obligation to them, and that I would not consider any other proposition, as everything was completed all but the signing. He said that even if he did want to take over the business, he would not know how to get around the law. I said that he could take it over in his name, and not under the name of Swift & Co. When I asked him why he talked of taking over all of the common instead a part, he said that they might want to do some things that a minor stockholder would not allow, such as disposing of certain properties. To me this sounded as though he had the idea of taking the business over as an individual, and selling properties to Swift & Co., as he sighted [cited] the K. C. plant as an instance of a property which he might want to dispose of. I told him that the Bankers were giving us $5 per share, and taking only a small part of the stock, whereas he was only offering us that, for the whole, and that I would not consider submitting under $10 per share for the whole. He said he had not such offer to give. He said that he was glad that the Black [Tilden] deal did not throught [go through], and I said I thought it would have been alright.

He asked if he might consult with Sanford [Armour] on this matter, and I said he could not, as Sanford [Armour] would discuss it with his men, and in some way it might get back to a Bank, and in that way get back to our Bankers, who if they thought we were making other plans, would drop the whole matter. I said that Sanford [Armour] knew about the matter in a general way, as I told him why I was coming East.

He wanted to know if we would need the vote of the Preferred Stock Holders before mortgaging the properties for the second plan. I said that I did not think so, but asked him how he would vote if it did come up, and he did not know.

I told him that the Bankers expected making about $4,000,000 on this deal by putting the stock on the market, and had said

> that they would start it at about 50. I said that it would be good for Moon [Swift] to have these present negotiations go through. He agreed to this and said that a Wall Street interest in the Packing Business would be a good thing for it.
>
> I told him that I would rather see him get the business even at a difference, as I thought him the logical man for it.
>
> He said that if I changed my mind on his proposal, I should take thet rain and come out to him, and that if he changed his plans he would let me know. He said that if he took over the business it would not mean our getting out of it, but I said there was no use of discussing this, now, that such a matter would not come into the deal anyway, and could be settled after.

It would appear from the above memorandum that Swift was not averse to having the bankers handle the deal instead of the packers, because it would help him as an owner of preferred stock in the company and because "a Wall Street interest in the Packing Business would be a good thing for it." Notwithstanding the advantages of the bankers' participation to himself and to the packing business, he was not sure that it would not have been more advantageous for the packers to take over the Sulzberger & Sons Co. This is shown in the following memorandum which Louis F. Swift wrote to apprise his brothers, Edward F. and George H. Swift, of the progress of the negotiations:

> No. 1. This party about to sign with Salomon Halgartan and a third to place $8,200,000 debentures 5 yrs. $92 and take 5,000,000 stock at 5 cash. Above is least proposition and is sure but may cancel if following goes thro.
>
> No. 2 Audit books for 4 years back and if O. K. (conceded 2nd, 3d, and 4 yr. no profits) even if books do show it.
>
> Last year back 1914 books audited by Price, Waterhouse and are O. K. if O. K. take
>
> $15,000,000 part, guess 1/2 20 yrs. mortgage 6% 90
> other part debentures 10 yrs. 92
>
> Plan is to tie up all common stock except bankers and not sell and try sell bankers by listing as high as 40 or 50 (understand not necessary get our consent on bonds or debentures).

P. H. N. Y.	$3,350,000	
Chi	4,800,000	
K. C.	2,800,000	
Cars	1,800,000	these not covered
Branch H	1,800,000	by debentures
Oklahoma	1,800,000	

> No. 3. I suggested to him practically bid it we pay $5.00= 1,000,000 all the com- had in view keep all for S. & Co. to liquidate partly or take in A & M if want and divide same as National, could be done legal so Veeder says. This price figures 38% book value for plants. He declined says will put through $10.00 if can but must know Thursday to be sure.

E. B. S. Want your vote by wire if go any further. Of course if bankers get it will help our stock to start but can't tell what will lead to.

L. F. S.

P. S. Am sure nothing doing unless go to $10.00 or near it.

Forgot to mention Kuhn Loeb is in on quit or [on] bank deal (think its too much to steal to admit in open) and may get 4th if possible otherwise. Salomon & Halgarten will sign. G. F. Sulz seems afraid that 4 years audit won't suit bankers, guess books pretty raw; also fears listing stock and making market may fail. Still he says won't accept $5.00 from us as he gets that from them and a chance to sell common higher if they succeed.

Quite sure he will not sell to us under $10.00 unless falls out with bankers and don't think this will happen.

I am stuck and don't know what further to do—if go to J. O. A. now of course that lets him in even with us and big job divide plants; if they should accept $5.00 from us its pretty big thing for S & Co. tackle alone about 11,000,000 for plants (3,000,000 of which is up already; later on to pay stockholders if liquidate Co. could string out few months) and might run volume on $10,000,000 more cash by shutting some plants. If J. O. A. in would cut in half. I am almost inclined to sit still and see what happens.

Better wire me views if any.

Program bot

1 *First week must get some bank to* say debentures arranged for
2 $1,000,000 pay common stockholders in 30 days
3 Pay $7,000,000 preferred outside Swift as liquidated, say in 6 mos.
4 Working capital.

L. F. S.

That Swift did not ask "J. O. A." [J. Ogden Armour] to go in with him to the Sulzberger deal was later stated by Armour according to Germon Sulzberger's Black Book memorandum.

I [G. Sulzberger] explained the result of the New York negotiations and also told him [Sanford (Armour)] of the conversation held with Moon [Swift]. He assured me that he had not had any communications from Moon [Swift] on this subject.[1]

The Swifts not moving to make a higher offer than $5 per share for the entire common stock, the Sulzbergers turned to close their deal with the bankers. On Germon Sulzberger's next meeting with L. F. Swift he wrote this memorandum in the Black Book:

* * * * * * *

He [Swift] referred to the matter on which he had come to see me in New York and stated that if I had wired him he could have done what he then proposed but that he felt this [the bankers deal] was probably the proper arrangement and he seemed to feel that there was nothing further for him to do in the matter.

* * * * * * *[2]

[1] Exhibit 1 (A), p. 225. [2] Exhibit 1 (A), p. 225.

Section 4. The Sulzbergers' contracts with the bankers, June 22, 1915.

On June 22, 1915, less than a week after the refusal to sell the common stock to the packers at $5 per share, the Sulzbergers signed contracts for refinancing with the following New York banking firms: Chase National Bank; Guaranty Trust Co.; William Salomon & Co.; and Hallgarten & Co., acting for itself and for Kuhn, Loeb & Co., the connection of Kuhn, Loeb & Co. being kept secret.[1]

Kuhn, Loeb & Co.'s participation in this deal followed its activities in 1902 in the proposed half billion dollar merger of the Big Five which failed to go through, and its subsequent loan, with James Stillman and E. H. Harriman, of $15,000,000 by which the National Packing Co. was financed.

Previous negotiations with bankers.—Even during Sulzberger's negotiations with Swift and Armour in 1914 he had considered the idea of interesting a group of strong banks in the refinancing of the company. The debentures of Sulzberger & Sons Co., which were to fall due June 1, 1916, had been issued through William Salomon & Co. and Hallgarten & Co., and as early as November 23, 1914, "Brunner" (Harry Bronner, of Hallgarten & Co.) had suggested to Sulzberger that if Swift did not act a proposal for a syndicate could be taken up "with the Goldman [,] Schiff and perhaps others."[2] Following out this suggestion, Bronner on March 17, 1915, wrote William C. Potter, vice president of the Guaranty Trust Co., asking an informal conference to talk over Sulzberger matters with representatives of the Guaranty Trust, William Salomon & Co., and Kuhn, Loeb & Co., Cravath, attorney for Sulzberger, also to be present; but Potter replied on March 18, 1915:

> I have gone over the Sulzberger matter quite carefully with Mr. Franklin, and have discussed it with Mr. Hemphill, and after doing so we feel that we would not be interested in going into this business.

On what date the bankers began negotiations as a group is not clear, but by May 24, 1915, the chief issue of the negotiations, namely, what proportion of the common stock the bankers should receive as bonus for financing the bonds, was under consideration, as shown by a letter from Sulzberger to Cravath, attorney for Sulzberger & Sons Co.:

THE NEW WILLARD

Washington

MONDAY, *May 24-15.*

DEAR MR. CRAVATH:

Just a line to convey to you some points which have been recurring.

---

[1] See Black Book memorandum, p. 168, and L. F. Swift's memorandum, p. 170. The Chase National, Guaranty Trust, and Salomon banks were each to have 20 per cent in the refinancing; Hallgarten 40 per cent, covering both its share and Kuhn, Loeb & Co.'s.

[2] See Exhibit 1 (B), Black Book memoranda of Nov. 23, 1904; Dec. 2, 6, 7, and 15, 1914; and Apr. 22, 1915.

From the point of the Bankers, the attractive feature of our proposition is the possible future value of the common stock. To their mind, that is the principal consideration. I think you will agree, therefore, that we must be most careful how we part with that. To give up a large percentage for only a small part of the deal actually closed, I consider would be an irretrievable error, not only because it would leave us with a large part of our stock gone and only a small part of our proposed financing accomplished, but also because it will have given the Bankers the most attractive part of the deal with only a small share of the originally contemplated commitments.

Once having given them the common stock, what further inducements have we to offer them to complete the deal or make any further commitments?

After all, the Bankers are only human and while I feel sure that they are thoroughly sincere and mean to carry out the original plan in full—still they are not agreeing to do so—and once after being in the position of having only made a small part of the contemplated [commitment] and owners of a large share of the stock, they will see the strength and advantage of their position and will hardly be inclined to consider any further commitments. I feel very strongly the logic of the above—and while I am sure that they have it not in mind to-day, I feel equally certain that it will be very obvious to them after having made the first part of the commitments and should this be accompanied by a considerable amount of the common stock.

Sincerely,

GERMON F. SULZBERGER.

By June 16, 1915, as related in Sulzberger's memorandum of his talk with Swift quoted above, the arrangements for the contracts between the banking group and the Sulzbergers were practically complete, and the bankers were only waiting to arrange among themselves what strong bank could be publicly named as interested in addition to William Salomon & Co. and Hallgarten & Co. This having been determined, the contracts were signed on June 22, 1915.

That the common stock given the bankers was in the nature of a bonus is shown by the circumstances that the common stock was to have been given as a bonus, but was later priced at $5 per share and the purchase price of the bonds was reduced accordingly.

TERMS OF CONTRACTS.—The terms of the contracts of June 22, 1915, are set forth in two letters of the same date, attached hereto as Exhibit 4, together with letters showing the subparticipation which Hallgarten & Co. ceded to Kuhn, Loeb & Co., and letters and statements showing the character of public announcement proposed by the Sulzbergers and that authorized by the banking group.

In brief the terms of the contracts were:

1. The bankers (Chase National Bank, Guaranty Trust Co, William Salomon & Co., Hallgarten & Co. with Kuhn Loeb & Co.,) made a firm agreement with Sulzberger & Sons Co. to purchase on or before

May 15, 1916, $9,000,000 of the company's 5-year debentures for $8,075,000 with an option, up to January 1, 1916, to carry out a "larger transaction" by purchasing $12,000,000 20-year bonds and $5,000,000 of 10-year bonds, instead of the $9,000,000 5-year debentures which they definitely obligated themselves to purchase.

2. In consideration of the bankers' firm agreement to purchase the $9,000,000 bonds the company obligated itself, whenever the bankers requested, to transfer its outstanding capital stock under a voting trust agreement to five voting trustees as follows:

A. Barton Hepburn, chairman of board of directors of Chase National Bank;
Charles H. Sabin, president of Guaranty Trust Co.;
Harry Bronner, of Hallgarten & Co.;
Max J. Sulzberger;
Germon F. Sulzberger.

3. The company also agreed that one-half of its board of directors as then constituted should resign and persons nominated by the bankers should be elected in their stead, and that the office of chairman of the board of directors be created and that persons on the board of directors selected by the bankers be elected to that office and to the office of vice-president in charge of finance or treasurer.

4. In consideration of the bankers' firm agreement with Sulzberger & Sons Co., the Sulzberger family, represented by Max J. and Germon F. Sulzberger, agreed to sell the bankers one-fourth ($5,000,000) of the company's common stock at $5 per share, the trust certificates representing these shares to be put in escrow and delivered to the bankers as soon as they had bought the $9,000,000 5-year debentures; and to sell to them one-third of the common stock ($6,666,000) at $5 per share in case they carried out the "larger transaction" of buying the $12,000,000 20-year bonds and the $5,000,000 10-year bonds.

The reasons for an optional "larger transaction" and a firm contract for the smaller transaction were given as follows in a Cravath memorandum of some months later (about January 25, 1916).[1]

* * * * * * *

> It was contemplated that the Banking Group would, contingent upon their being satisfied with the results of a thorough examination of the Company's property and accounts, purchase these obligations [the $17,000,000 bonds called for by the plan as it was developing in May, 1915], receiving a substantial bonus in the common stock of the company to be contributed by the Sulzberger family. It was soon recognized that the examination upon the outcome of which this transaction was dependent might require months, and that, if finally the Banking Group

[1] This memorandum, in full in Exhibit 5, summarizes from the Sulzberger & Sons Co. point of view the bankers' deal from the beginning to its date. Found, unsigned, in files of Cravath & Henderson, it is referred to hereafter as the "Cravath memorandum."

should decide not to carry through the transaction the company would be left in a very dangerous financial position, in view of the maturity on June 1, 1916, of its $8,100,000 of debentures and the growing insistence of the banks that provision for the payment of those debentures be made as a condition to continuing the credits which the Company had theretofore enjoyed.

To meet this situation, it was finally arranged with the Banking Group that, without abandoning the larger financial plan they would make a firm and unconditional commitment to purchase $9,000,000 of new five-year debentures to take up those maturing on June 1, 1916, * * *

IMMEDIATE ACTION TO CONTROL MANAGEMENT.—The bankers quickly exercised their option of placing all the common stock of Sulzberger & Sons Co. under the five voting trustees, three of whom represented the banking interest. On July 29, 1915, the voting trust agreement contemplated by the contract of June 22, 1915, was effected, placing the common stock of the company under a board of trustees which consisted of A. Barton Hepburn, Charles H. Sabin, Harry Bronner, Max J. and Germon F. Sulzberger, the persons named in the contract.

On the same date, July 29, 1915, the bankers exercised their right to select half the board of directors of the company and the board was thereupon constituted as follows:

Banking interest—
- William C. Potter, vice president of Guaranty Trust Co.;
- Edward R. Tinker, jr., vice president of Chase National Bank;
- Elisha Walker, of William Salomon & Co.;
- Harry Bronner, of Hallgarten & Co.

Sulzberger interest—
- Germon F. Sulzberger;
- Max J. Sulzberger;
- Ferdinand Sulzberger;
- Nathan Grabenheimer.

On or about July 29 also, Russell Armstrong was selected by the bankers as treasurer of the company. The office of chairman of the board was not filled.

Though as early as 1913 Ferdinand Sulzberger had turned over the active management of the company's affairs to his two sons, Germon F. and Max J., he still retained the official positions of director and president. On his death, August 15, 1915, James A. Howard, of the Sulzberger interest, was made director but the office of president was not filled, the work of the president being carried on by a finance committee consisting of Potter, of the Guaranty Trust Co., and Tinker, of the Chase National Bank.

The Sulzbergers continued to own the common stock, but they had lost control of their company.

DELAYED ACTION ON REFINANCING.—As a basis for decision of whether the larger or smaller transaction should be carried out, the bankers were privileged, under the contract, to have a thorough examination made of the company's properties and accounts. This examination took time and made the refinancing uncertain both as to time and amount, the bankers having till January 1, 1916, to elect which transaction they would undertake.

As appraiser for the preliminary examination in May, 1915, J. Ogden Armour had recommended Joseph Flaherty who had long worked for Armour & Co.; and Samuel McRoberts, Armour's representative in the National City Bank of New York, a director of Armour & Co., and formerly its treasurer, had been placed in charge of the examination. Following the contracts of June 22, 1915, McRoberts with the assistance of Flaherty and accountants experienced in the packing industry went forward with a full survey and valuation of the business, which was not completed till late in 1915.

In the words of the Cravath memorandum—

> The results of the investigation only increased the doubts which the Bankers had for some time entertained as to the efficiency of the management of the company.[1]

The option on the "larger transaction" which extended till January 1, 1916, was allowed to lapse, and the position of the Sulzbergers, which had meantime been growing more and more serious, reached a crisis in March, 1916, as is set forth later.

Section 5. Bankers' plans for Morris-Sulzberger merger.

Shortly following the bankers' attainment of control, a plan for the consolidation of Sulzberger & Sons Co. with Morris & Co. took form. A memorandum by Elisha Walker, of William Salomon & Co., September 20, 1915, attached as Exhibit 6, sets forth the general purpose in the paragraphs here quoted:

* * * * * * *

> It is proposed that a new company be formed to take over the entire assets and physical properties of both companies or that one company acquire the other. In the latter case there are certain advantages in having the Sulzberger Company take over the Morris, even though it may be advisable to change the Sulzberger name to, say, the Morris Packing Company.

* * * * * * *

> The average earning of Morris & Co. before interest as estimated by Mr. Wilson have been, say, $4,000,000 per year. On a similar basis Sulzberger earnings should be about $3,000,000 per year (this is somewhat less than the actual earnings last year, but larger than the average of recent years). In addition to this, Mr. Wilson estimated that the combined earnings would

[1] Exhibit 5, p. 269.

be increased at least $1,000,000, making total earnings for the combination of $8,000,000. The interest charges of the new Company, figuring 6% on the new bonds and including interest on the floating debt, should be about $2,850,000 per year, leaving $5,150,000 available for sinking fund and dividends on the preferred stock. Allowing sinking funds of, say, $600,000, would leave a surplus of $4,550,000 or over twice the dividend on the preferred stock ($2,012,500). The surplus for the common stock would thus be $2,537,500, or approximately 6% on $40,000,000 stock.

According to the above plan no new Common stock would go to the Morris interests, leaving this $20,000,000 increase in stock to go to the Bankers in that it is proposed that the Sulzbergers should exchange their present common stock par for par. The Bankers would also have the benefit of their present options on Sulzberger common stock.

Wk.H.

The negotiations with the Morris interests were conducted through McRoberts of the National City Bank, former treasurer and then director of Armour & Co. The Morrises demanded so great a share in the proposed merger that the negotiations lagged.

Previously, July 16, 1915, J. Ogden Armour and Arthur Meeker had been asked by one of the bankers to recommend a strong packer executive for chairman of the board of Sulzberger & Sons Co., and Thomas E. Wilson, then president of Morris & Co., had been recommended. Following the refusal of the Morrises to enter the merger on the terms proposed, the bankers in cooperation with Germon F. Sulzberger invited Wilson to leave the Morrises and become president of the Sulzberger company, offering him $100,000 a year and G. F. Sulzberger added an offer to sell him 10,000 shares of common stock at $5 a share and 10,000 at $8 a share. This offer, made in the latter part of November or December, 1915, Wilson asked time to consider.

Section 6. Increasing difficulty of Sulzberger position.

Pressure of foreign complications.—Soon after the beginning of the European War, Sulzberger & Sons Co. had been the object of inquiry, by representatives of the French Government, as to possible German connections. The German origin of the Sulzberger name and alleged connections with Kuhn, Loeb & Co., and the Banque de Paris and Société Générale were the causes of the inquiry. The matter was soon cleared up and the French Government satisfied. This was some months before refinancing negotiations with the banking group had begun. In the next year cargoes shipped to Scandinavian countries by the big packers, including the Sulzberger company, were seized by the British Government, as intended for Germany. Apparently, British suspicion was directed especially toward the Sulzberger company. Circumstances growing out of this attitude of

the British Government ultimately proved decisive in the elimination of the Sulzberger family from all official connection with Sulzberger & Sons Co. and the securing of 60 per cent of the family's common stock by Kuhn, Loeb & Co. and the other bankers at a nominal price.

On December 9, 1915, Cravath, writing in behalf of the executive committee of Sulzberger & Sons Co. to W. F. Archer, its London representative, for the information of the British authorities, cited the reorganized control of the company "by a group of New York bankers and investors, including interests associated with Guaranty Trust Co. of New York and Chase National Bank." After making clear that the Sulzberger family was no longer in control, he said:

> It is fair to Messrs. Sulzberger that I should say that I think their attitude has been misunderstood in England. While Ferdinand Sulzberger was born in Germany, he spent his entire business life in this country, and became a loyal American citizen. Max and Germon Sulzberger, the only sons who have any connection with the S. & S. business, were born and brought up in this country and are thorough going Americans. They have no German affiliations except the comparatively unimportant relations which are necessary to an international business and which are much less important than their relations with Great Britain. Their sympathies, so far as the participants in the European war are concerned, I think may fairly be described as neutral. They are certainly not pro-German. They have endeavored in ways which they thought were lawful to sell their company's products for consumption abroad to the best advantage possible and they make no concealment of the fact that they have been quite willing to sell their products for the use of any of the belligerent powers and in this respect they do not differ from the rank and file of American manufacturers.

DECISION OF BANKERS TO REQUEST RESIGNATION OF SULZBERGERS.—After the development of this English situation and following the examination of the company's financial affairs, a committee of the bankers recommended that the board of directors have in their hands the resignations of the two Sulzbergers. Their criticism of the previous Sulzberger management and their conclusion were set forth in an undated confidential memorandum:

Confidential.

Bond Department
File No. 10.

MEMORANDUM OF OBSERVATIONS OF SPECIAL COMMITTEE, CONSISTING OF MESSRS. ELISHA WALKER, E. R. TINKER, JR., WILLIAM C. POTTER.

ORGANIZATION:

The Company has evidently been suffering for a good many years from lack of proper direction of its policy from the principal executive officers. This is the first fault to remedy.

BEEF DEPARTMENT:

This seems to have suffered very materially through the withdrawal of its former manager, who is now in charge of packing house operations in South America.

POLICY OF EXPANSION:

A policy of expansion has been followed for the last five or six years, which has resulted very unfortunately for the Company.

The Oklahoma Plant has been a very poor investment, tying up a great deal of money.

The results from the Los Angeles beef killing plant have not been satisfactory, and it seems necessary now to invest additional capital to prepare beef on the hoof for this market.

The Sioux Falls Plant will probably be abandoned, and one or two other subsidiaries could be abandoned to advantage.

While the South American business so far has been profitable, it is very evident that the Company should not have embarked on this enterprise, as they have used considerable amounts of money in this business, when they did not have it to spare.

We believe that sufficient care has not been given in financing subsidiaries. It seems that in some cases the endorsement of the parent Company has been too freely given.

The relations with the English Government Officials are not satisfactory, and considering this situation, with previous remarks in regard to organization, this Committee believe it advisable that the Board of Directors should have in their hands the resignations of the two vice presidents, Messrs. German and Max Sulzberger, in order that they may be in position to state this fact to the English Government Officials and be in position to accept these resignations in case it seems for the best interests of the Company to do so.

SULZBERGER'S CRITICISM OF BANKERS' MANAGEMENT.—In a letter to Cravath, the attorney, December 24, 1915, and apparently following intimations from the bankers that his resignation was desired, G. F. Sulzberger vigorously counterattacked the management of the company by the bankers, especially alleging material damage to its credit and unfairness in their use of the English feeling against the Sulzbergers:

CHICAGO, *December 24, 1915.*

MR. P. D. CRAVATH,
Cravath & Henderson,
52 William Street, New York City.

MY DEAR MR. CRAVATH:—Since the election of the new board members and since the creation of the Finance Committee I have been forcefully convinced, not only of their incompetence to intelligently and properly conduct the affairs of the Company, but also of their indifference and absolute disregard and neglect of the welfare and best interests of the Company.

It will be of interest to you to know on what facts I base these statements and I, therefore, request that you carefully read the following:

The matter of incompetence is so evident that I hardly need refer to it, but I am going to mention one instance of gross careless indifference which seems inexcusable and which has caused very general and material damage. I am referring to the postponement of the Directors' meeting due last Tuesday, December 14th, to pass on the matter of declaration of the dividends.

When I first heard of the proposed postponement of this meeting, which was on Monday, December 13th, I immediately advised Mr. Bronner and Mr. Walker of the inadvisability of postponing this meeting and the harmful effects that would result. In view of the fact that several members of the Board were going to be out of New York on Tuesday, I suggested that the meeting take place on that Monday and if there is any reason why this suggestion was not acted upon, other than general indifference, I am not aware of it, but I can positively state that the effect of the postponement of this meeting was most disastrous. Holders of preferred stock all over the country, as well as banks with whom this stock was up as collateral, were disturbed and there was a general unfavorable feeling created, which quickly spread and affected not only the preferred stock holders, but the general standing of the company.

You probably can not appreciate, not having been on the ground, how much damage this act has resulted in and the new members of the Board can not explain or excuse this on the ground of not knowing what the result would be, for as I stated before, I personally took this up strongly with two members of the Board.

Not alone have the new members not the experience and ability to properly conduct the affairs, but they are not even giving the necessary time and attention towards this end. This in itself is not the worst feature, but the fact that they have interfered and tampered with the present management, and disorganized the entire organization. They have in their interviews with various department heads and in their discussing new policies and changes with them and in their sending for men to come to New York without giving the writer notice, succeeded in creating a feeling of uncertainty and of a definite feeling of pending changes in the management to such an extent that it is common gossip, not only amongst the organization itself, but in general packing house and banking circles. It is difficult to put in words just what this has meant, but it is very evident and a good many of the men have spoken to me themselves about it, some of them in a feeling of timidity, wondering what the outcome would be. Others, have expressed their loyalty to me and their willingness to stand with my side as it were, but all of them have been given the impression that there were differences existing amongst the Directors themselves and whether or not the impression has been given inadvertently or willfully, it is not as important to me as the fact that this impression has been created. Neither I, nor anyone else could accomplish the desired results with an organization in this state of mind.

It is difficult to measure the damage of the above, but I am going to give you a few instances, which from the mildest view would have to be called "poor judgment."

1. Arbitrary reduction of the hog killing to 25,000 hogs per week. There was no excuse for this whatsoever as the actual surplus fully warranted our maintaining our proper percentage of hog killing and it is estimated by the head of the department that the loss resulting from this arbitrary and needless reduction will be from $50,000 to $75,000.

2. Orders of the new members of the Board to sell the International Mercantile stock, which S. & S. Co. had held for a great many years. These 600 shares were sold by order of the new members and realized 35¾. I personally went on record at that time and wrote Mr. Armstrong, Treasurer, stating that I thought these shares should not be sold at the moment as it was my opinion that they should sell considerably higher. Approximate loss on this transaction alone at present market values was $20,000. (If there is any question about this, please have Mr. Armstrong show you my original letter.)

3. The refusal of the new Directors to guarantee certain drafts which are drawn by the Continental Products Co. on some shipments to England. If S. & S. Co. loses this business it will mean a loss of $50,000 to $75,000 per annum, this amount representing the commission which would be earned by the S. & S. Co. in sales of products shipped by the Continental Products Co. You understand that the selling of these goods involves no extra expenditures whatsoever, they being sold in the regular way through our regular established sales houses. The refusal of the S. &. S. Co. to give a guaranty on these shipments is perfectly senseless, for as I have fully explained there is only about 62% of the value of the goods drawn on, the entire shipment is fully covered by insurance, and the goods remain the property of S. & S. Co. until they are sold and until the money has been received for them and the draft covering the shipment duly paid. This case is a fair sample of the delays which I have encountered in matters on which I have tried to get an expression or opinion and I attach herewith file on this subject from which you will please note the following:—

1. My cable to Archer, asking him to obtain credit *without* giving guaranty.
2. Archer's cable advising guarantee necessary and asking for an answer.
3. My letter to the Finance Committee, explaining the situation and suggesting a cable to be sent to Archer, asking him to get along without the guaranty if possible, but allowing him to give same if necessary. Previous to this letter, however, I had spoken to Mr. Armstrong and he refused to pass any opinion on this subject, and I, therefore, referred same to the Finance Committee.
4. Letter from the Finance Committee, referring this matter back again to Mr. Armstrong.
5. My wire to Mr. Armstrong stating that matter had again been referred to him and asking for his opinion.

6. Mr. Armstrong's reply stating that he did not want to give guarantee.
7. My last cable to Mr. Archer.

I consider the above a fair sample of the poor judgment and delays which I have been subjected to. These are only a few of the cases which I am able to present to you at this hurried moment.

Under these circumstances I can not see how I can leave my own interests and the interests of those whom I am representing in such hands as these. You must not forget that I and those whom I am representing still own 100% of the common stock of the S. & S. Co.

Even though my resignation might be a helpful move in the local English situation this, of course, is only a part of the business. Furthermore, I believe that the English situation can be successfully met without this resignation. Perhaps it would be a little more difficult, but the company and the New Directors should be ready to meet this extra difficulty as they had gladly accepted the full benefit of this so-called German connections and taken large profits.

Laying every other consideration aside, it seems most unfair to me that the means of a connection which has proven highly profitable should be taken advantage of and used up until a moment which confronted with some difficulties and the new Directors having received all of these benefits, and some of these members having been fully cognizant of the entire matter, should then attempt to disavow the action.

As you know the resignation in itself means nothing to me, as I have previously tendered it to the Finance Committee and it was only by their pointing out to me my duties to the Company at that moment that influenced me to remain. Since then, however, I have talked to others and they have shown me a still higher duty, that of properly presenting and protecting the interests, which my father left me to represent and protect, and unless I can feel that these interests will be properly, fairly and capably represented I can not leave. As soon as I can be assured of this I will be happy to tender my resignation, until then I must use every effort to protect my own and the interests of those whom I represent.

I am expecting to be in New York next week as it will be impossible for me to leave here sooner. I hope that you will read this letter carefully and I feel sure that if you do, you will understand the fairness and the soundness of my own position.

This letter is poorly and hurriedly written, but I hope that it will make you fully understand my position.

Very truly yours,

G. F. SULZBERGER.

GFS:GA

P. S. Please return to me the attached file.

Section 7. Germon Sulzberger's offer to sell company to Armour and Swift.

Feeling much disturbed by the banker management of affairs, Germon F. Sulzberger went to Armour and Swift offering, without avail, to sell them the entire common stock for $5 a share. This he did without consultation with his brother Max, or the other members of the family. The bankers, when subsequently informed by Sulzberger of this offer to Armour and Swift, used it as ground for a demand for an equally favorable offer to them. This is told in the Cravath memorandum,[1] written about January 25, 1916, other portions of which have been already referred to. At the time of the offer to Armour and Swift, Thomas E. Wilson had not yet answered whether he would accept the presidency of Sulzberger & Sons Co. The Cravath memorandum in reviewing and explaining to the bankers Germon Sulzberger's action, gave this account of the offer:

> Mr. Germon F. Sulzberger particularly felt that there was very little hope of securing Mr. Wilson and he was very much impressed with the chaos into which the management of the Company was drifting. He knew that the situation would become all the more acute when an unfavorable decision should be received from Mr. Wilson. He knew that the Banking Group were dissatisfied with, and lacked confidence in, the existing management and that they had frequently said that they would like very much to be relieved of the responsibility which they were under. He felt that from his own point of view the conditions were very unsatisfactory. He accordingly, upon his own responsibility, sounded Messrs. Armour and Swift, to see if they would not make a firm offer to purchase the assets of the S. & S. Company upon a basis which would insure the payment of all of its debts and the protection of its contracts, payment of the preferred stock at par and accrued dividends and $5 per share for the common stock. The sale suggested further assumed that some satisfactory arrangement would be made for the sale of the individual holdings of the Messrs. Sulzberger and their father's estate in certain stockyards in which they and their father had invested personally, as the Company had been advised that it could not lawfully make the investments.
>
> Mr. Germon F. Sulzberger felt that such a sale would be welcomed by the Banking Group (whose approval, of course, was essential), as relieving them of their responsibilities under the above-mentioned agreement, and that, while it would involve practically a giving away of the Sulzberger family's holdings in the common stock of the S. & S. Company, this was better than a continuation of existing conditions which were unsatisfactory to all concerned and to him in particular.
>
> While the price and financial obligations involved in the proposed transaction seemed to be satisfactory to Messrs. Armour and Swift and they appeared to be willing to make the firm offer suggested, their counsel raised legal difficulties which it seemed

[1] Exhibit 5, p. 270.

impracticable to overcome. Upon his first visit to New York after these talks with Messrs. Armour and Swift, Mr. Germon F. Sulzberger told Mr. Cravath what had taken place and asked Mr. Cravath to explain the situation to the Banking Group, which he did.

It should be added in this connection that Mr. Germon F. Sulzberger's talks with Messrs. Armour and Swift were without the approval of his brother Max or the other representative of the family stock. They were primarily the result of his own earnest desire to be relieved from what he regarded as a very embarrassing position—that of the chief operating official of the company without the confidence of his board of directors.

After Sulzberger told Cravath of his unsuccessful sounding of Armour and Swift, it appears that a meeting was held by Cravath at New York with C. J. Faulkner, chief counsel for Armour & Co., and Henry Veeder, chief counsel for Swift & Co., to discuss Sulzberger's offer. This is shown by Henry Veeder's letter of January 6, 1916:

LAW OFFICES
ALBERT H. & HENRY VEEDER

JANUARY 6, 1916.

S. & S. COMPANY.

Confidential
LOUIS F. SWIFT, Esq.,
Chicago, Illinois

DEAR SIR:—Monday last Mr. Faulkner and I had an interview with Mr. Cravath concerning the above matter. Mr. Cravath said that the New York bankers were under a firm contract to finance the debentures of the above company next June—that they expected to do so, and that they also expected, because of their financial position and ability, ultimately to make a success of the venture; that they were now looking for some competent man to take charge of the venture and he named as under consideration Mr. Wilson, Mr. Meeker, Mr. F. E. White, and Mr. George H. Swift, whom Mr. Cravath said he had met in Boston, and of whom he had formed a high opinion. They were not, however, enthusiastic over their prospects and while they believed they would ultimately succeed, nevertheless they were probably desirous, if it could be done, of liquidating that company and selling its properties. He stated, however, that they would be unwilling to undertake liquidation unless they were first assured of purchasers on a basis that would pay off the company's obligations and probably pay something on its common stock.

I suggested to him that while the Chicago parties were, of course, interested in seeing the S. & S. Company succeed and would prefer that it should succeed in maintaining its separate entity and believed the packing business would be better off if the company did succeed in maintaining its separate entity, nevertheless that they might be interested in purchasing part of the assets of the Company if it went into liquidation but that

they were in doubt as to whether they could agree in advance of liquidation to purchase part of the assets without subjecting themselves to the charge that they had conspired to bring about a restraint of competition through the liquidation of the company. Mr. Faulkner on behalf of his company, expressed himself similarly.

Mr. Cravath said he did not believe that his clients would be willing to undertake a liquidation without knowing in advance that they could make satisfactory disposition of the properties, and the matter was left in this shape. It was understood that Mr. Cravath was to report the conference to Mr. Sulzberger.

Sincerely yours,

HENRY VEEDER.

Section 8. Revival of Morris-Sulzberger merger plan.

On January 5, 1916, Thomas E. Wilson declined to become president of Sulzberger & Sons Co., but said that he was prepared, on behalf of the Morris estate, to renew negotiations for consolidation.

These negotiations proceeded during January, as shown in the Cravath memorandum of about January 25, already cited.[1] The following extract gives the principal features of the proposed consolidation:

> The Messrs. Sulzberger were not informed of the terms of the proposed consolidation which had been under discussion between the Banking Group and the Morris interests through the intermediary of Mr. McRoberts until Tuesday, January 11, 1916, when Messrs. Bronner and Walker informed the Messrs. Sulzberger that, subject to certain conditions and reservations, Mr. Wilson thought a consolidation would be feasible upon substantially the following terms:
>
> The consolidated enterprise to have the following securities:

First Mortgage 4½% bonds, secured by first mortgage upon the Morris & Company properties	$16,800,000
General Mortgage 6% bonds, secured by first mortgage upon the S. & S. Company properties and a second mortgage upon the Morris & Company properties	20,000,000
7% Cumulative Preferred Stock	27,000,000
Common Stock	30,000,000

> The Morris interests to receive:

First Mortgage Bonds on the Morris & Company properties	5,500,000
Cash	8,000,000
Preferred Stock	17,000,0000
Common Stock	7,500,000
First Mortgage Bonds on the Morris & Company properties (already issued)	11,300,000

> To be issued or outstanding against the Sulzberger interests:

Preferred Stock (now outstanding)	10,000,000
Common Stock	22,500,000

> The plan requires that $20,000,000 of new 6% bonds be purchased by the Banking Group for cash, the amount remaining after providing $8,000,000 in cash for the Morris interests to be

[1] Exhibit 5, p. 270–271.

available for the treasury of the New Company. These bonds are to be secured by a first mortgage on the S. & S. Company properties and a second mortgage on the Morris & Company properties.

It was then stated that it was a part of the plan and the desire of Mr. Wilson that the Sulzberger family should have no interest in the common stock of the New Company and that to this end they should give the Banking Group an option (to continue until the transaction was closed) to purchase the entire common stock of the S. & S. Company. The Messrs. Sulzberger were asked to name a price at which this option would be given. In the discussion which followed, the view was expressed by Messrs. Bronner and Walker that, inasmuch as Mr. Germon F. Sulzberger had indicated a willingness to have the assets of the S. & S. Company sold to Messrs. Armour and Swift at a price which would yield \$5 a share for the common stock, they should give an option to the Banking Group at that price, the Banking Group to be free to make as large a profit as they could from the transaction, after providing for any commissions that might have to be paid and making a suitable allowance for the compensation of bankers for purchasing the \$20,000,000 of new 6% mortgage bonds, which it was stated might have to be purchased from the consolidated company at a price in excess of that at which they could be sold in the market.

At a conference held in the afternoon of Friday, January 14, 1916, it was suggested to the Messrs. Sulzberger by Messrs. Bronner and Walker that the Messrs. Sulzberger keep about \$5,500,000 par value, of the new common stock and give to the Banking Group an option on \$14,450,000 par value, thereof at \$5 per share. This suggestion assumed that the remaining \$2,500,000 out of the \$22,500,000 of common stock would go to Mr. Wilson.

It has not even been proposed that the Banking Group should make a firm purchase of the common stock at \$5 per share and take the risks of the future. The Sulzberger family are being asked simply to give an option to be available to the Banking Group in case the proposed consolidation is effected.

The Sulzbergers felt that this proposed merger was extremely unfair to them, but they were in a bad position to protest against any terms upon which the bankers insisted. To the banking syndicate's control of the voting stock and the finance committee, there was now added an intimation that the firm contract of June 22, 1915, to take care of the Sulzberger & Sons Co. debentures might not be fulfilled. A memorandum of Germon Sulzberger covering a meeting, January 18, 1916, with Julius Rosenwald (Germon Sulzberger's father-in-law), Jacob Schiff, and Jerome J. Hanauer of Kuhn, Loeb & Co. in Schiff's office set out the intimation as follows:[1]

* * * * * * *

Mr. Hanhour [Hanauer] also joined us in the course of conversation making the statement that the other bankers claimed that

[1] See Exhibit 1 (B), p. 240 for memorandum in full.

the deal covering the debentures might not be binding on them, which statement he refused to discuss, claiming that he was not familiar with it, but simply repeating their ascertion.

Also in answer to my request that in fairness to the Company the statement should be positively made by the bankers, as well as the Treasurer whom they had selected, that the renewal of the debentures had been assured and secured by contract, Schiff and Hanhour expressed the opinion that this could not be said, since something might occur between now and the date of the debenture contract which might prevent the carrying out of the said contract. I explained that it was impossible for anything to occur which could prevent the carrying out of this contract, excepting a change of plans with our own consent.

I also explained that the statement not forthcoming from the bankers was injurious to the Company's credits, and that many banks were asking this particular question, and not receiving direct and satisfactory replies covering this point, they remained unsatisfied.

A letter from W. C. Potter, of the Guaranty Trust to E. R. Tinker, jr., of the Chase National follows:

JANUARY 26th, 1916.

EDWARD R. TINKER, Jr., Esq.,
c/o Chase National Bank,
New York City, N. Y.

MY DEAR TINKER: Your Secretary has telephoned for an account of what happened at the Sulzberger meeting yesterday afternoon.

I will have to go back a little and say that after agreeing with Wilson, as far as the bankers are concerned, on the general terms, these terms were put up to the Sulzbergers; they had a conference with the counsel and Mr. Julius Rosenwald, after which they came back at us and demanded $750,000 in preferred stock and $7,500,000 in common and proper remuneration for their stockyards interest based on 12½% earnings basis for these properties. We advised them that in our opinion there was not the slightest chance of Wilson agreeing to that proposition, and put the matter up to them and expresesd our willingness to put the proposition to Wilson if they insisted, which they did. Wilson refused to accept any and all of these points, insisted that we pay for the bonds at par, declined to give up any preferred stock to the Sulzbergers and stated that if we could figure out $7,500,000 common stock that that was entirely agreeable to him, provided the stock was tied up in a syndicate and that the syndicate have an option on the stock at some reasonable figure, and also that he would have to look into the stockyards proposition to see what he was justified in allowing for those properties.

When we told the Sulzbergers Wilson's reply, they seemed to think that we had better drop the Morris negotiations, and we parted yesterday with that understanding.

As yet we have not notified Wilson of the result of this conference, and have at this writing come to no conclusion as to what we should do. My own feeling is that we will very soon have to notify Wilson, and I suppose the next step for us is to

decide as to whether we are to remain on the Board, and if we decide to do so use our best efforts to put in a new management.

In the meantime, Armstrong tells me that it is becoming more and more difficult to renew their maturing notes, and that he has to-day only about $500,000 in money which he can actually dispose of, the rest of it being required to maintain balances.

WCP-FJG Yours very truly,

The points of particular interest in the above letter are: That Thomas E. Wilson was apparently the dictator of the negotiations; that the terms offered were so hard that the Sulzbergers preferred to take chances on complete failure rather than risk them; and, finally, that the bankers were aware that the company's credit was in precarious condition.

This meeting, however, did not end the Morris negotiations. Louis F. Swift, representing the Swift interest in the preferred stock of Sulzberger & Sons Co., on the morning of February 5, 1916, conferred with Cravath in New York, who explained the situation to him. The following day Cravath wrote him regarding the outcome of a conference, also on the 5th, between the bankers and the Sulzbergers:

FEBRUARY 6, 1916.

DEAR MR. SWIFT:

I think there is nothing to add to what I have told you, except that at the conferences yesterday between the Bankers and the Sulzbergers progress was made in settling the remaining details, including the price to be paid for the stock yards investments. The latter matter, however, can not be definitely settled until it has been taken up with Mr. Wilson. I have written to Mr. Wilson that I have explained the situation to you. If when you get to Chicago you should wish any additional information, I am sure you can get it from him.

Very sincerely yours,

LOUIS F. SWIFT, Esq.,
Ritz-Carlton Hotel,
Madison Avenue & 46th Street,
New York.

On February 7, and 8, 1916, Cravath addressed memoranda to Bronner and Walker, outlining six "still unsettled" questions regarding the Morris merger, which were answered tentatively at a conference, February 8, of Bronner, Walker, the Sulzbergers, and Hoyt A. Moore, of Cravath & Henderson. From Moore's memorandum of the conference is excerpted the following as to Cravath's question whether there was to be a voting trust of the common stock and, if so, who were to be trustees:

* * * * * * *

Answer to question 4. It was decided that there would be a voting trust for the common stock. Mr. Walker stated that he had understood that two of the voting trustees were to be

nominated by Mr. Wilson and the Morris interests and two by the Bankers, and that the fifth was to be Mr. Hepburn. Mr. G. F. Sulzberger stated that he thought that the Sulzberger interests should nominate at least one trustee, but finally agreed that the Sulzberger interests would be willing to accept Mr. Hepburn as their representative in the matter. The Bankers expressed themselves as feeling that it might be desirable to have at least three voting trustees from Chicago, and all seemed to agree that three of the voting trustees should be Messrs. Wilson, Sabin and Hepburn and that any two of the following Chicago men would be satisfactory: Messrs. Forgan, Spoor and Mitchell. * * *

On February 14, 1916, Wilson telephoned Bronner that he had been waiting for one of the "young men" (probably Edward or Nelson Morris) to return to Chicago and expected to give a definite answer that night. A letter of February 17, 1916, from Tinker of the finance committee to Germon F. Sulzberger, refers to the negotiations with Wilson as "definitely called off" by Wilson "within the last few days."

Section 9. Cudahy-Sulzberger merger proposal.

On February 17, 1916, William C. Potter, of the Guaranty Trust Co., forwarded to Joseph M. Cudahy a merger proposal looking to the combination of Sulzberger & Sons Co. with the Cudahy Packing Co., as shown in the following letter of acknowledgement from Joseph M. Cudahy to Potter:

[Letterhead.]
JOSEPH M. CUDAHY
111 West Monroe St.
Chicago.

FEBRUARY 19, 1916.

Confidential
WM. C. POTTER, Esq.,
c/o Guaranty Trust Co.,
140 Broadway, New York City.

DEAR BILLY: I have your letter of the 17th inst. I think the C. P. Co. crowd are the ones to run the S. & S. Co. This suggestion is not prompted by the clause requiring the retirement of the C. P. Co. Preferred in the event of such an occurrence. I feel that we have a mighty good thing in our Preferred stock, but you know as well as I do that it is only the part of wisdom to have our bets a little more scattered, and I am frank to admit that a consolidation would please me from this point of view alone, but I feel that both companies would be better off by consolidating. They are each now handicapped by being in the Armour and Swift class so far as overhead expense is concerned, but out of it on volume, and the battle cry of both Armour and Swift is "Volume."

The best part of the S. & S. Company is their beef business, while the best part of the C. P. Co. is their hog packing. S. & S. need the C. P. Co.'s houses in Omaha and Sioux City, which are

the two best markets for hogs; the C. P. Co. needs the S. & S. houses in Chicago, New York, and the Argentine.

The combined output could be marketed through a less number of branch houses than both companies now operate. The cost of selling through these expensive branch houses is one of the curses of the business.

If the consolidation is agreeable to the bankers and the two packing companies, I will agree to do what I can to have the holders of the C. P. Co. preferred agree to a modification whereby they will get part cash and part bonds of the consolidated company.

I am leaving for California a week from Wednesday; so if this thing appeals to you, let me know quick, so that I can sound out E. A. Cudahy. I don't know whether it will appeal to him or not. I won't say anything to him until I hear from you.

Very sincerely, yours,

JOSEPH M. CUDAHY.

Potter's reply to Cudahy follows:

FEBRUARY 25TH, 1916.

JOSEPH M. CUDAHY, Esq.,
111 West Monroe Street,
Chicago, Illinois.

DEAR JOE: I have your letter of the 17th[1] inst. and note what you say about a combination of Sulzberger & Sons Company and the Cudahy Packing Company. Such a consolidation, we believe, would be a good one and a money maker. The Sulzberger & Sons Company made $2,400,000 lasy [last] year, and the bankers stood ready to do a considerable piece of financing. I do not think we would be willing to pay off anything like all of the preferred stock of the Cudahy Packing Company either in bonds or in cash, or in both, but we might be willing to retire some of the stock on that basis. If the idea appeals to you and your uncle it will be necessary to take pretty prompt action about it, and in the event that you want to go ahead with it you will probably have to defer your trip to California.

Very sincerely yours,
WCP-FJG

This merger proposal is significant in that it shows the further efforts of the bankers to merge Sulzberger & Sons Co. with one of the other Big Five. By February 25 Sulzberger & Sons Co.'s attorney had made a new proposal to the bankers for re-financing the company, and about this time resolutions were introduced in Congress calling for an investigation of the packing industry. From this time on for several months the packers were concerned to prevent the investigation, and no record is found of either Morris or Cudahy merger negotiations till the fall of 1916. The bankers turned to their immediate dealings with the Sulzbergers in consummating new contracts for the refinancing of the Sulzberger company on terms more favorable than the

[1] Evidently mistake for 19th.

contract of June 22, 1915, for the purchase of the $9,000,000 bonds. A crisis in the financial affairs of Sulzberger & Sons Co. made this time opportune for the bankers to secure more favorable terms.

Section 10. Crisis leading to new contracts with bankers.

In January, 1916, the Sulzberger & Sons Co. trouble in England again came to the front. On January 13 Cravath received the following cable from Griscom who had been sent to England to take care of the matter:

> LONDON, *January 13, 1916.*
>
> CRAVATH—*New York.*
>
> Both Midland and Southwestern Banks demand resignation from parent company of two Vice-Presidents and Directors otherwise they refuse all credits and banking facilities. They delayed action pending my arrival. All arguments unavailing. Have consulted Wyse [Robert C. Wyse, manager, London office of Guaranty Trust Co.] who agrees that impossible to continue business unless we comply. I recommend prompt action and request reply. Bankers attitude otherwise friendly and helpful.
>
> GRISCOM.

As a result of this cable the two Sulzbergers on the same date tendered their resignations to the board of directors as follows:

> NEW YORK, *January 13, 1916.*
>
> *To the Board of Directors of*
> *Sulzberger & Sons Company:*
>
> DEAR SIRS: In view of the situation in Great Britain as communicated in Mr. Griscom's cable to Mr. Cravath received today, and having expressed our willingness to do anything in our power, including personal sacrifices, to meet the difficulties of the situation in England, we hereby tender our resignation as Directors of the Company and as Vice-Presidents, such resignations to take effect upon the election of our successors.
>
> Yours very truly,
>
> G. F. SULZBERGER.
> M. J. SULZBERGER.

The following day these resignations were presented to the board of directors at a special meeting, the minutes of which read as follows:

> After full discussion it was unanimously
>
> RESOLVED, that under existing conditions it would be inadvisable to accept these resignations.
>
> RESOLVED, that counsel be authorized to send Mr. Griscom a cablegram in the following form:
>
> JANUARY 14, 1916.
>
> LOYD C. GRISCOM,
> *Ritz, London.*
>
> Cable January thirteenth received. The two Vice-Presidents have tendered their resignations as directors and Vice-Presidents but Board of Directors at special meet today

after full and careful consideration of whole situation unanimously decided that the Company's business and position in this country would be very seriously affected if these resignations were accepted at the present time. The Board have in hand plans for a new management under a new President. If in meantime the two Vice Presidents should be permitted to retire management of this great enterprise would be in most chaotic condition. The Board hope that their English friends will accept these assurances and recognize the requirements of situation here.

CRAVATH.

On January 21, 1916, the British Government put Sulzberger & ons Co. on the list of concerns whose transactions the government eclared it undesirable to facilitate or finance. The banks in Engnd gave Griscom, the Sulzberger & Sons Co. representative, 48 ours to have the name removed from the black list. Griscom sucseded in getting it temporarily removed and took the question up ith a government committee for final settlement.

On February 15, 1916, the day following the abandonment of the cond Morris-Sulzberger merger, the Sulzbergers suggested to the ankers the names of three men, one of whom might be secured as ew president of the company. On February 17, Tinker of the nance committee submitted his resignation to the board of directors nd wrote Germon Sulzberger the following letter:

FEBRUARY 17, 1916.

GERMON F. SULZBERGER, Esq.,
Vice President, Sulzberger & Sons Company,
New York City.

DEAR SIR:—Within the last few days I have been advised that your negotiations with Mr. Wilson, of Morris & Company, which were pending at the time of our last conversation on the 18th of January, have been definitely called off by the latter. As explained to you and your brother at Mr. Cravath's office that day, I have been anxious to retire from any connection with the management of your company because of a feeling that your views as to its affairs and the policies that should be adopted were not in harmony with mine.

You will also recall that in order to avoid in any way embarrassing you in the negotiations then in progress, I stated I would take no definite action at that time. In view of the termination of the negotiations with Mr. Wilson, this consideration no longer holds. Some members of the Board have expressed a desire that no changes in its membership occur just at this time as they have hopes of arriving at some adjustment of the situation which will be mutually satisfactory to you and themselves. In deference to their wishes and in order to give every possible opportunity for the betterment of the company's affairs, I am not taking any action with reference to my directorship at the moment but feel that I cannot any longer continue

the active and responsible participation in the affairs of the company involved in membership of the Finance Committee, and hence I hand you herewith my resignation as a member of that Committee and request that you bring it to the attention of the Board for prompt acceptance.

Very truly yours,

The following day the bankers asked the Sulzbergers to grant them a new optional contract. Germon Sulzberger was in Chicago when he received this news and he replied to Cravath, attorney of the company, as follows:

Western Union Telegram

1916 FEB. 20 PM 1047

A534Ch 127 NL

Chicago Ill 20 8620

PAUL D. CRAVATH,

52 William St New York

There are many important company matters here which require my personal attention and which have been neglected due to my absence stop I had intended returning Monday or Tuesday but in view of Bankers proposition of which I was advised on Saturday by Max I see no possible use in returning until I have taken care of some of the more important matters here stop I will not consider any proposition which will mean only the granting of an option by us and until the bankers are ready to absolutely discard this feature and to submit a definite proposal based on terms somewhat approaching fairness it will be useless for me to go east stop Please have board meeting called to accept Tinkers resignation from finance committee.

GERMON.

In transmitting to James Byrne, attorney for M. J. and G. F. Sulzberger, a copy of the above telegram together with his reply, Cravath said:

I think the situation is a most delicate and difficult one and if the Sulzbergers maintain the attitude indicated by G. F. Sulzberger's telegram a wreck is almost inevitable.

Cravath's reply to Sulzberger was:

FEBRUARY 21, 1916.

G. F. SULZBERGER,

c/o Sulzberger & Sons Co.,

45th Street and Ashland Avenue,

Chicago, Illinois.

Have your telegram. In your own interest and in the interest of your company it is important that you should come to New York at once and remain here until some plan worked out. If there is another such telegram from you either you or I will have to withdraw from the situation.

PAUL D. CRAVATH.

On February 22, 1916, Cravath, on his own initiative, presented a proposal to the bankers which he said was his "conception of what may be fair and feasible in order to bring the views of both interests together." His suggestion was that the bankers purchase the bonds of the company at 90 and that they receive 105,000 shares of common stock at $5 per share, the Sulzbergers to be allowed to participate in the profits of 30,000 of these shares when sold, and the Sulzbergers, in addition, to contribute 20,000 shares to be used by the bankers to secure adequate management for the company.

The Cravath suggestions resulted in several conferences and tentative proposals between the Sulzbergers and the bankers. February 28 the Sulzbergers offered the bankers a contract in which they agreed to sell the bankers at $5 per share a little less stock than Cravath suggested and to give 7,500 shares to the company to be used to secure new management; in return the bankers to buy $12,500,000 bonds of the company. Conferences continued, and with reference to the English situation Cravath sent Griscom in London the following cable:

MARCH 1, 1916.

LLOYD GRISCOM,
Ritz, London.

Believe have concluded to-day arrangement for sale to banking syndicate with which you familiar an issue of bonds deemed sufficient for company's requirements and also sale of absolute majority common stock. Stop. Arrangement involves immediate retirement two brothers as voting trustees and as officers and directors and from further official connection with enterprise. Stop. Their withdrawal to be final and unconditional and new management to be wholly independent of them and under control of board elected by banking group. Stop. We are anxious to delay actual acceptance and announcement of resignations of brothers for few days until all details of new plan including new president can be announced simultaneously. Stop. All hope this will be satisfactory to our London friends. Stop. Please cable.

CRAVATH.

Thomas E. Wilson on March 2, 1916, agreed to accept the presidency of Sulzberger & Sons Co. on condition of certain liberal considerations.

At this time pressure was brought to bear upon the credit of Sulzberger & Sons Co., as indicated by the following telegram and memorandum:

MARCH 3, 1916.

Sulzberger & Sons Co. Disquieting rumors have reached Corn Exchange Bank as to this company's affairs. They would like to be reassured and be advised confidentially if position is more or less favorable than shown by 1914 statement. If no

objection obtain clients' consent furnishing this and additional helpful information. Matter urgent. Please wire.

PRICE, WATERHOUSE & Co.,
Chicago.

MEMORANDUM FOR MESSRS. TINKER, POTTER, BRONNER AND WALKER.

Have just received the above from Price, Waterhouse & Company as a copy of a telegram received this afternoon by their New York office from their Chicago office.

H. A. MOORE. [of Cravath & Henderson.]

On March 4 the Sulzbergers and the bankers held a conference at which they agreed on the principal points of the new contracts. In reference to maintaining the credit of the company in a memorandum of the conference signed "C. T." it is recorded:

* * * * * * *

(5) On the question of the cancellation of the old agreement Mr. Byrne [of Byrne & Cutcheon, attorneys for M. J. and G. F. Sulzberger] stated that he could not advise his clients to sign the new agreement unless the old agreement remained in force until the new agreement was carried out. Mr. Max J. Sulzberger stated that he would follow Mr. Byrne's advice in this respect. All the Bankers present stated repeatedly that they did not question the old agreement was in force, nor did they have any idea of getting out of it. Without definitely agreeing, they seemed to acknowledge the reasonableness of the request that the old agreement remain in force. Mr. Moore, however, stated that as representing Mr. Cravath, Mr. Cravath was unwilling from the Company's standpoint that the old agreement should remain in force after the new agreement was signed. Mr. Byrne stated that there was radical disagreement between Mr. Cravath and himself on this point. The Bankers stated that they could not make an agreement on this point until Mr. Cravath had an opportunity to consider the question again.

All the Bankers present agreed that it was advisable to send out the annual report without delay. Mr. Moore brought up the point as to whether any statement with regard to financing should be made in connection with the report and raised the question that it was not desirable at the present time to announce that the Company expected to issue the new bonds; that this might result in some stockholder attempting to hold up the issue. All the Bankers, agreed, however, that the sending out of the report was important to maintain the credit of the company and that it should be sent out even though it was not possible to make any definite announcement in regard to financing at the same time. The question of whether the report should be sent out today or on Monday was then discussed and all agreed that it would be better to send it out on Monday.

C. T. [Carl Taylor, of Byrne & Cutcheon.]

March 10, 1916, a final conference on the proposed new contracts with the bankers was held at the offices of Kuhn, Loeb & Co. and on March 11 the contracts were signed.

Section 11. Final transaction between the Sulzbergers and the bankers.

On March 11, 1916, following the conference at the office of Kuhn, Loeb & Co., the Sulzbergers made the bankers a formal offer, accepted by them, the terms of which are embodied in several letters attached hereto as Exhibit 7. The contracts were drawn between the Sulzberger interests and three banks—Guaranty Trust Co., William Salomon & Co., and Hallgarten & Co.

Neither Kuhn, Loeb & Co. nor Chase National Bank were nominally parties to the writings, but each had a one-fifth interest in the arrangement.

These new agreements provided in substance as follows:

(1) Sulzberger & Sons Co. to authorize $25,000,000 new bonds, of which $15,000,000 were to be issued to retire debentures and provide working capital, and $10,000,000 to be reserved for construction, acquisition of properties and securities, payment of liens, etc.

(2) Bankers to buy $12,500,000 of bonds at 90, and to have option on $2,500,000 more at 95.

(3) Sulzberger & Sons Co. to buy the Sulzbergers' personal interests in certain stockyards for $550,000, which the Sulzbergers were to invest in the company's preferred stock at par.

(4) The Sulzbergers to sell to bankers voting trust certificates (representing common stock) of $10,775,000 par value for $601,500.

(5) Sulzberger & Sons Co. to enter into a five-year contract with Thomas E. Wilson, who was to receive in part consideration for undertaking the management of the company—

(*a*) $1,500,000 voting trust certificates, one-half contributed by Sulzbergers, one-half by bankers;

(*b*) Option to buy $3,500,000 voting trust certificates at $10 a share within 5 years, of which $475,000 were to be contributed by the Sulzbergers.

(6) Germon F. Sulzberger and Max J. Sulzberger to retire as voting trustees and the voting trust agreement to be modified to permit the remaining trustees to name the successors.

(7) Agreement of June 22, 1915, to be canceled.

The results of the transaction may be summarized thus:

The Sulzbergers gave up $12,000,000 par value of the company's stock for a nominal consideration in order to secure the sale of $15,000,000 of the company's bonds and to induce Thomas E. Wilson to assume the management.

The bankers got $10,775,000 par value of stock for $601,500, of which they were to contribute to Wilson $750,000 stock and sell him $3,025,000 stock on terms; they also got $12,500,000 worth of bonds at $90 and $2,500,000 more at $95.

In terms of control, the Bankers and their associates, together with Thomas E. Wilson, secured 60 per cent of the common stock of the company and the Sulzberger family was left without representation in its affairs. Shortly afterward (May, 1916) the company's name was changed to Wilson & Co., Inc., which has since been extensively advertised.

The insistence of the Bankers that the contracts of June 22, 1915, should be canceled was called to the attention of the company's directors by M. J. Sulzberger, in his letter submitting the offer of March 11, 1916, to the directors for their formal approval:

MARCH 13, 1916.

To the BOARD OF DIRECTORS,
SULZBERGER & SONS COMPANY,
New York.

GENTLEMEN: Pursuant to my letter to the Bankers, dated March 11th, I am now submitting this offer for the formal approval of the Board of Directors of this Company.

In further information of the offer herewith submitted, I would state that while we have tried to obtain more favorable terms, the enclosed offer represents the best that we have been able to accomplish for the Company, even notwithstanding the fact that my brother and myself, as well as the Estate of Ferdinand Sulzberger, offered, as additional inducement, to sell at a nominal price a majority of the Common Stock of the Company to the Bankers, and indeed the terms and conditions in the offer herewith submitted have been obtainable only upon the condition of our selling such majority of stock to the Bankers.

I also want to point out to you one particular feature of the form of the proposal herewith presented, by which the Bankers are entirely released from their now existing firm commitment covering the $9,000,000 debentures at the time of their acceptance of this proposal covering the issuance of $12,500,000 bonds. You are familiar with the terms of the existing contract covering the debentures, which is a firm commitment on the part of the Bankers to purchase said $9,000,000 debentures on or before May 15th, 1916.

Upon the acceptance of the herewith contained offer it is distinctly stated that the Bankers will be released from their obligations as set forth in letters exchanged between the Company and them, under date of June 22, 1915, covering the Company's financial requirements.

While the acceptance of this offer on the part of the Bankers will constitute a contract covering the $12,500,000 bonds, both Mr. G. F. Sulzberger and I have strongly felt that the existing contracts covering the debentures should not be canceled, until the Company had received actual moneys for the new bonds, inasmuch as even the obligation of the Bankers to purchase the new bonds will be subject to the form and terms of the new bonds (in so far as not inconsistent with the offer) being satis-

factory to themselves and their counsel, and also to satisfactory evidence being furnished as to titles.

While counsel for the Company has assured us that the titles are satisfactory, nevertheless there does exist a possible theoretical risk that even after the acceptance of this offer by the Bankers, the proposed transaction may not actually be carried out, which would consequently leave the Company in the position of having no financial arrangements whatsoever in hand to provide for the debentures maturing June 1, 1916.

In view of this possible situation, both Mr. G. F. Sulzberger and I have insistently urged that the bankers modify this feature of the arrangement, and permit the continuance of the existing contracts covering these debentures, until such time as the Company shall have actually received the moneys for the new $12,500,000 bonds.

The Bankers, however, have absolutely refused to alter or modify their position, so that after numerous futile attempts, and in view of the advice of counsel of the company, to the effect that the Bankers would positively not make this deal unless such cancellation clause were included, we are compelled to present to you the offer in its present form.

Very truly yours,

Section 12. Participants in deal and their profits.

The five New York banks, Thomas E. Wilson, and two Chicago banks connected with Swift and Armour, were the primary participants in the profits of the refinancing, the Chicago banks being given a smaller participation and somewhat less favorable terms. Profits were made by the bankers both on the common stock and on the bonds.

New York banks participating.—All public announcements, as well as the documents executed in connection with the final transaction, name the Guaranty Trust Co., William Salomon & Co., and Hallgarten & Co. as the New York banks participating in the final transaction. Letters, telegrams, and syndicate accounts, however, show that both Kuhn, Loeb & Co. and Chase National Bank participated secretly on the same basis as the other banks. Each of these five banks shared equally in the stock (voting trust certificates) and in the bonds that went to the New York group and each had a voice in the negotiations.

The documents comprising the contracts formally provided that the New York group's participation should be:

Guaranty Trust Co	20 per cent
Hallgarten & Co	40 per cent
William Salomon & Co	40 per cent

The Hallgarten 40 per cent included its own share and that of Kuhn, Loeb & Co., and the Salomon covered its own and that of the Chase National Bank.

Kuhn, Loeb & Co.'s one-fifth share in the stock secured by the New York group was $1,260,400, and certificates delivered to Kuhn, Loeb & Co. in this amount were recorded in the name of S. Hess. Certificates in the same amount, $1,260,400, delivered to Chase National Bank, were put in the name of Richard C. Smith. Kuhn, Loeb & Co. and Chase National also shared equally with the other banks in the bonds.

The Shermar Investing Corporation, 61 Broadway, New York, on May 6, 1916, was ceded by Hallgarten & Co. a one-tenth interest (1,260 shares) in its part of the common stock at the same price that Hallgarten & Co. paid.

Chicago banks participating.—Two Chicago banks, the Illinois Trust & Savings (of which Edward F. Swift is a director) and Continental & Commercial Trust & Savings (an "Armour" bank) also participated with the New York group in the bonds and stock, but on less favorable terms. The First Trust & Savings Bank (in which the Morris interests are important stockholders) was given the same opportunity but declined. The two participating Chicago banks granted a small interest in the bonds and stock to Ames, Emerich & Co., a Chicago brokerage firm, at the prices they themselves paid.

The original plan of the New York group contemplated participation by the Illinois Trust & Savings Bank and the First Trust & Savings Bank with nothing for the Continental & Commercial Trust & Savings. Some confusion arose in the handling of the matter. In the readjustment the Continental was included, but the First Trust, as above noted, declined participation. A telegram of March 18, 1916, from "H. G." (Heman Gifford) of the Chicago office of William Salomon & Co. to "W. S." of the New York office, says:

> Illinois Trust has just telephoned us that they will take $3,000,000 for their own account and on Monday they will offer $1,000,000 to First Trust and same amount to Continental Trust. Illinois Trust thinks it of the utmost importance to have the cooperation of Continental Trust and we are strongly in accord with this view. Think it very essential that you see Chase and Guaranty today and at least get a favorable expression of opinion from them regarding Continental Trust. I understand Illinois Trust and First Trust were agreed to before E. W. [Elisha Walker] left N. Y. Therefore, the only question is Continental Trust. In view of fact that dominating factor in Continental Trust is Armour the biggest packer in the world and in view of the widespread country connections of Continental & Commercial National Bank you can see how extremely essential it is to have Continental Trust's cooperation.[1]

An extract from a report of a long distance telephone conversation on March 20, 1916, between William E. Colt, jr., manager of the bond

[1] Translation of coded message.

department of Illinois Trust & Savings Bank and " G. G. H." (George G. Henry) of William Salomon & Co., New York, follows:

> Walker [Elisha Walker of William Salomon & Co.] indicated clearly and to Walker's satisfaction that it would be very unwise to have this market [Chicago] offer these bonds except through the bankers identified with that type of business and that with the Continental [Continental & Commercial Trust & Savings] First Trust [First Trust & Savings] and ourselves [Illinois Trust & Savings] and this was reiterated several times.

BOND PARTICIPATION.—The primary participation in the bonds as affected by the distribution to the two Chicago banks was as follows (disregarding accrued interest):

New York group	$12,500,000	firm contract at 90	$2,500,000	option at 95
Ceded to Illinois Trust & Savings and Continental Trust and Savings	2,500,000	at 91	500,000	at 95
Balance remaining to New York group	10,000,000	(at 89 3/4)	2,000,000	at 95

Out of their allotment the two Chicago banks jointly ceded Ames, Emerich & Co. $150,000 bonds at 91 and $30,000 at 95.

The $15,000,000 bonds were syndicated at a price of 95 for the $12,500,000 and 96 for the $2,500,000, the two Chicago banks becoming western managers of the underwriting syndicate and receiving a participation of $4,000,000 therein. This left the New York group $11,000,000. Of the bonds distributed through the western branch of the syndicate, there was reserved for the individual distribution of the Illinois Trust $700,000; for the Continental & Commercial Trust $1,000,000; for Ames, Emerich & Co. $500,000.

Henry Veeder, general counsel of Swift & Co., was allotted an interest in the bonds, as indicated in the following telegrams:

> 1916 MAR 23
>
> Chicago Ill 1143A23
>
> PAUL D CRAVATH
> *52 William St New York*
>
> Understand Sands [S. & S.] Bonds being offered would like to invest about one hundred thousand dollars if can do so on best basis offered anybody which understand includes bonus of some stock with bonds Please wire answer
>
> HENRY VEEDER

> MARCH 23, 1916.
>
> HENRY VEEDER,
> *75 West Monroe Street, Chicago, Ills.*
>
> Telegram received. Bankers who purchased bonds are syndicating them at ninety-five which is most favorable basis on which they can be secured and the basis on which I personally

have taken fifty thousand. There is no stock bonus as the stock is acquired from Sulzbergers by separate purchase. Have spoken to bankers who say that while syndicate obligations greatly exceed available bonds they will hold you participation fifty thousand on syndicate terms if you wish. Please telegraph immediately.

PAUL D. CRAVATH.

CHICAGO, *March 23, 1916.*

PAUL D. CRAVATH,
52 William St., New York.

Answering pleased to participate fifty thousand according to terms of your telegram.

HENRY VEEDER.

The profits of the New York group in turning the bonds over to themselves as syndicate at 95 and 96, after allowance for the cessions to the Chicago group, appear from the following statement from the files of the Guaranty Trust Co.:

SULZBERGER & SONS COMPANY.

Bonds Account.

PURCHASE:		SALE:	
$12,500,000 at 90 & Int	$11,312,500	$2,500,000 to Chicago at 91 & Int	$2,287,500
2,500,000 at 95 & Int	2,387,500	500,000 do. at 95 & Int	477,500
2,500,000 from Chicago at 95 & Int	2,387,500	12,500,000 to Synd at 95 & Int	11,937,500
500,000 at 96 & Int	482,500	2,500,000 at 96 & Int	2,412,500
Balance	545,000		
	17,115,000		17,115,000
		Balance May 1st	545,000—
		Your one-fifth	109,000—

Further details of the bond transaction are shown in a memorandum by "LBF" (L. B. Franklin, of Guaranty Trust Co.), dated April 17, 1916:

Memorandum.

SULZBERGER & SONS COMPANY,
April 17, 1916.

In connection with our general trade with Sulzberger & Sons Co., and the Sulzbergers individually, we and our associates bought from the Company at 90 and interest, $12,500,000 of their First Mortgage 6% 25 Year Bonds and $2,500,000 of the same bonds at 95 and interest, and formed a selling syndicate thereon at 95 and interest, in which selling syndicate we have a participation of ————. We have also made a firm purchase of $500,000 of these bonds at 100 less 1%.

In connection with the allotment of sub-participations to the
Illinois Trust & Savings Bank of Chicago,
Continental & Commercial Trust & Savings Bank of Chicago,
who were alloted a special amount of $2,500,000 for joint account, they were in addition given out of our ownership of Common Stock $1,000,000 thereof.

In connection with the selling syndicate, it was agreed that Messrs. Hallgarten & Co. and William Salomon & Co., were to receive ½ of 1% selling commission.

It was also suggested that Messrs. Kuhn, Loeb & Company should pay to the syndicate $10,000 being 1% on $1,000,000 of their interest alloted to other people.

All the bonds covered by this memorandum have been distributed.

LBF

Our participation in the syndicate on the $12,500,000 of bonds amounted to $898,333.33. We will be later advised as to our interest in the $2,500,000 Bonds.

LBF

The bond syndication was arranged by March 23, 1916, and on March 27 Harry Bronner of Hallgarten & Co. sent the following wire to Thomas E. Wilson:

Western Union Telegram.

MARCH 27, 1916.

THOMAS E. WILSON,
Care Sulzberger & Sons Co.,
41st St. & Ashland Ave., Chicago, Ill.

Entire fifteen million bonds have all been sold. Are you arriving in New York Tuesday or Wednesday.

HARRY BRONNER.

(Charge Hallgarten & Co.)

The price at which the bonds were offered to the public was $100. No statement of the syndicate profits was found. Allowance must be made for commissions to banks and brokerage firms who sold the bonds to the public, and for various allotments made by the syndicate at special prices as that to Henry Veeder for example, and an allotment of $100,000 to the Fort Dearborn National Bank at a price allowing that bank a profit of $3.84. However, a large part of the margin between the syndicate price of $95 or $96 and the price to the public was no doubt received by the two banking groups in their capacity as members of the syndicate.

The effect of the bankers' profits from bonds in the increased burden on the business, which must be met in the price charged for packing house products, was recognized by Thomas E. Wilson in a letter of August 3, 1916, to Cravath & Henderson, dealing with their bill for legal services in connection with the refinancing ($54,402.37).

Speaking of his anxiety to hold the company's expenses down to the minimum, he said:

> * * * You are familiar with the Bankers' Commission that we have to contend with and which, as you know, the business has got to absorb; this with other extraordinary items has imposed quite a burden upon us.

Cravath's reply, September 29, 1916, defending the bill as moderate, said, in part:

> As far as I observed no one connected with the refinancing of the Company has been disposed to make any personal concessions in the interest of the Company. On the contrary, I think everyone asked and received very liberal compensation from one source or another.

DISTRIBUTION OF COMMON STOCK.—The primary distribution of the $20,000,000 common stock of Sulzbérger & Sons Co. among the New York bankers, Thomas E. Wilson, the two Chicago banks, and the Sulzbergers is indicated by the following memorandum from the files of the Illinois Trust Co.:

MAY 10, 1916.

SULZBERGER & SONS COMPANY.

Common stock.

Issued and outstanding	$20,000,000
Guaranty Trust Company, The Chase National Bank, Hallgarten & Company, William Salomon & Company and ---------- [blank is for Kuhn, Loeb & Co.] original purchase	10,775,000
In hands of Sulzbergers	9,225,000

	New York Group.	S. [Sulzberger].	Wilson.	C[illegible]go. Banks.	Total.
[1]	$10,025,000	$8,475,000	$1,500,000		$20,000,000 [1]
[2]	9,025,000	8,475,000	1,500,000	[illegible] 000	20,000,000 [2]
[3]	6,301,700	8,000,000	5,000,000	1,000,[illegible]0	20,000,000 [3]
				698,3[illegible]	

In addition to the $1,500,000, stock given Mr. Wi[illegible]son he had an option on $3,500,000 stock of which $475,000 was [illegible] contributed by the Sulzbergers, leaving $3,025,000 to be taken [illegible] out of $10,025,000 stock held by the Group, that is $9,025,000 by the New York Group and $1,000,000 by the Chicago banks.

The common-stock distribution as affected by the participa[illegible]tion of Wilson and the Chicago banks is shown by a different method [illegible] memorandum from the files of one of the New York bankers:

[1] [Distribution as direct result of agreement of March 11, 1916.]
[2] [Distribution as affected by participation of the two Chicago banks.]
[3] [Distribution as affected by contributions of the New York and Chicago groups and of Sulzbergers to the $3,500,000 option to Thomas E. Wilson.]

We purchase

	$10,775,000.	Stock for	$601,500.
less	750,000.	to Wilson	
	$10,025,000		

PARTICIPANTS:

Guaranty Trust Co.

Stock.		Cash.
$2,005,000.	for	$120,300
4,010,000.	"	240,600
4,010,000.	"	240,600
10,025,000		601,500

The above group sells to Illinois Trust & Savings Bank:
$1,000,000, Stock for $100,000.

PARTICIPANTS:	Stock.		Cash.
Guaranty Trust Co.	$200,000.	for	$20,000.
Hallgarten & Co.	400,000.	"	40,000.
Wm. Salomon & Co.	400,000.	"	40,000.
	$1,000,000		100,000

Wilson to receive
$1,500,000. stock free, of which
$750,000. furnished by company
750,000. " " group
in addition option on
$3,500,000. stock at $10. per share, extending over period of five years
Option stock furnished as follows:

$475,000.	by company
3,025,000.	by group
3,500,000.	

PARTICIPANTS of group:

$301,700.	Illinois Trust & Savings Bank
544,700.	Guaranty Trust Co.
1,089,300.	H. & Co.
1,089,300.	W. S. & Co.
$3,025,000.	

The first offering of this stock to the public was made about November 1, 1916, through the brokerage firm of Eugene Meyer, jr., & Co. of New York. This brokerage firm purchased from the Sulzberger family 41,000 shares of common stock at $50 per share. From the New York banking group and Thomas E. Wilson the Meyer firm bought 27,000 pooled shares (20,000 from the bankers and 7,000 from Wilson), the pool receiving $50 per share for 10,000 shares, $51.50 for the second 10,00, and $54 for 7,000. The Chicago banks, though urged to join this pool, did not sell any stock in it.

As the New York bankers had purchased their stock at $5 a share and as Wilson's 7,000 shares was part of his 15,000 bonus shares, the profit realized by the New York group and Wilson from the sale through Meyer was approximately $1,293,000 for less than a quarter

of their combined interest. Wilson, from his profits on his sale of 7,000 shares, paid for the 35,000 shares which the Sulzbergers and the bankers had optioned to him at $10 per share, exercising his option on November 18, 1916.

This 35,000 shares with the 8,000 unsold shares of his bonus stock gave Wilson 43,000 shares free. The New York bankers, selling 20,000 shares from their 63,017, still retained 43,017; and the Sulzbergers, selling 41,000 from their 80,000, were left with 39,000 shares. The Chicago banks, not contributing to the Meyer pool, still had their full 6,983 shares on hand.

The attitude of Armour toward the common stock on March 7, 1917, when it was selling around $70 a share, is shown by the following letter from F. W. Croll, of Armour & Co., to the Continental & Commercial Trust & Savings Bank, in which Armour is the chief stockholder:

MARCH 7, 1917.

Mr. J. B. ABBOTT, *Vice-President,*
Continental and Commercial Trust & Savings Bank,
Chicago, Illinois.

MY DEAR MR. ABBOTT:—Sometime ago I told you that Mr. Armour's advice was not to sell the Wilson & Co. stock at the present time. I spoke to him again to-day about the matter and he said that he did not wish to give you any instructions as to what you should do but his idea was that it would not be good policy to sell it, as he figures it will be worth more. I am writing this to you to put his position before you correctly, inasmuch as I delivered his first message to you.

Very truly yours,

FWCW *Treasurer.*

The net cost of shares to the two banking groups and to Wilson and the price of the stock to outsiders as reflected in the range of market quotations on the New York Stock Exchange in 1917 is shown as follows (table by Commission):

	Par value.	Shares.	Total cost to insiders.	Cost per share.	Price to outsiders.[1]
Kuhn, Loeb & Co., Guaranty Trust, Chase National, Wm. Salomon, Hallgarten—1/5 each	$6,301,700	63,017	$229,170	$3.64	$42.00 to $84.25
Illinois Trust & Savings, Continental & Commercial Trust & Savings	698,300	6,983	69,830	10.00	
Thomas E. Wilson	5,000,000	50,000	350,000	7.00	
Subtotal	12,000,000	120,000	649,000	5.41	
Retained by Sulzbergers	8,000,000	80,000			
Total	20,000,000	200,000			

[1] Range of price quotations of stock on New York Stock Exchange in 1917. (Standard Corporation Service, January-April, 1918, p. 508.)

The following letters show the disposition of the bankers toward ɩeir then remaining holdings of the common stock. From the tter of January 31, 1917, it appears that Kuhn, Loeb & Co. had istributed to the partners of the firm its holdings which remained :ter the sale to Meyer.

WILLIAM SALOMON & CO.,

25 Broad St., New York.

JANUARY 31, 1917.

MR. THOMAS E. WILSON,
c/o Wilson & Co., Inc.,
Chicago, Ill.

DEAR MR. WILSON: In view of the current market for Wilson & Co. common stock, the bankers have thought it might be a good idea to dispose of a moderate amount of their holdings. It is suggested that they dispose of one-fourth of the stock that they at present have. Counting the stock that has already been sold, this would leave the bankers with about one-half of their original holdings. All the bankers are agreeable to this except one firm, whose name has not appeared publicly in the business. This particular firm, I believe, has distributed their stock to their various partners and they desire to retain their present holdings. Consequently the total amount to be sold is only 8,000 shares.

Before doing anything we wish to be sure that our action is agreeable to you, and also to ask you if you wish to dispose of any of your stock. If so, we will be glad to include it with that of the bankers. The understanding is that the account will be a trading one, and will both buy and sell stock. No stock, however, is to be sold below 65.

I would appreciate it if you would wire me to-morrow morning either over our private wire or public wire, whichever you prefer, your views regarding this. I would also appreciate some indication from you as to how business has been during the month of January.

With kindest regards, I am

Yours very truly,

Wk [Elisha Walker]. Br.

FEBRUARY 3, 1917.

Confidential:
MR. ELISHA WALKER,
c/o William Salomon & Co.,
New York City.

DEAR ELISHA: I saw Mr. Wilson the day after our talk on the Century, but I have not had an opportunity to telephone you about my interview with him, because as you may remember, I left that same night for St. Louis.

First of all I told Mr. Wilson that Hallgarten had been doing some trading in Wilson & Company's stock, but that they were fully maintaining their position in it. I then went on to ask him if he had any ideas as to the bankers selling at least a cer-

tain part of their holdings. He told me he had not the slightest objection to this if it were done in such a way that it would not depress the market. He expressed the hope that we would all work together; that is, all of the bankers who might want to sell stock so that the price level could be maintained. He even went on to say that he would be glad to know that the bankers had sold some of their stock and had realized a cash profit out of the transaction. He went on to say that he considered the stock worth par and expected to see it sell there before a great deal of time elapses. He also said that the last three months' earnings should show in excess of the 15% earned on the stock during the nine months covered by their statement to the Stock Exchange.

In regard to the new business which Mr. Wilson wished us to take up I have already advised you that it is the Northwestern Terra Cotta Company. George Henry was unable to connect with the lawyer having charge of the business when he was here, and as you know, I have been away for a week. However, I telephoned the lawyer yesterday and he will probably come in to see me sometime next week.

Please write me a line or send me a wire regarding the O'Keeffe note if you want us to do anything further about it.

Yours very truly,

G. Q. Wy.

The net cost of the stock to the New York group as of May 1, 1916, is shown by the following memorandum from the files of the Guaranty Trust Co.:

SULZBERGER & SONS COMPANY.

Stock Account.

PURCHASE:		SALE:	
107,750 shs. Common	$601,500	10,000 shs. Common to Chicago	$100,000
Stamps on 47,191 shs. Common	1,887.65	Balance	503,387.64
	$603,387.64		$603,387.64
May 1st: Balance	$503,387.64		
Your one-fifth	100,677.53		

This statement, taken in connection with the statement on page 200, shows that the New York group's profit on the bond sale to the syndicate was more than the cost of their stock. Each member of the group realized a profit on the bond sale to the syndicate of $109,000, and each paid for its fifth share in the group's stock $100,677.53. Consequently all money received by them from bond sales by the syndicate to brokers and to the public, and all money received from sales of stock, was profit.

The common stock of the company is being traded in actively on the Stock Exchange, and, since it is all under control of the voting trustees till 1921, the Commission has not undertaken to ascertain the true ownership of the stock at the present time.

Section 13. Effects of bankers' connection with packing industry.

Rapid expansion of Wilson & Co., Inc.—With the support of the banking combination participating in the Wilson deal, the operations of Wilson & Co., Inc., can be extended into virtually every line of food production and distribution and into branches of industry which are entirely unrelated. An indication of purpose is given in the following extract from a letter of Thomas E. Wilson to Paul D. Cravath, dated April 15, 1916:

> I feel that it would be advisable to make the name Wilson & Company rather than to use the word "Packing," and this name would be accessible in Illinois at once.
>
> My chief reason for this recommendation is the fact that we are planning now for the future, and in many of the lines along which we will want to develop, there is an objection to the use of the word "Packing" in the corporation name. This has been the experience of other packers and, as you know, they practically all dropped it, except the Cudahy people.
>
> There is a natural prejudice in many of the lines toward the thought that the articles are manufactured or handled by meat packers.

When Thomas E. Wilson accepted the presidency of the company he received assurance that he would have both the moral and financial support of the New York banking group. The bankers gave him the further assurance that the company would be financed even if the specific financing provided by the proposed bond issue should not be carried through.

Since December 31, 1917, for example, the bankers in cooperation with Thomas E. Wilson, have organized as a subsidiary of Wilson & Co., Inc., the Wilson Fisheries Co., which has acquired controlling interest in several large fisheries on the Pacific Coast and in Alaska. Also quite recently Wilson & Co., Inc., has acquired large vegetable canning interests.

The bankers can keep Wilson & Co., Inc., informed of opportunities for acquiring small packing companies. This is illustrated by the following letters passing between Harry Bronner of Hallgarten & Co. and Thomas E. Wilson:

> Copy
> Hallgarten & Co.
>
> New York, *April 8, 1916.*
>
> Thomas E. Wilson, Esq.,
> *President, Sulzberger & Sons Company,*
> *Chicago, Ill.*
>
> Dear Mr. Wilson:—When you were here in New York I intended to ask you whether the C. Klincke Packing Co. of Buffalo would be of any interest to our Company. The matter was called to our attention by a mutual friend and he has asked

us to put it before you. I will be obliged if you will give me some word in regard thereto.

* * * * * * *

With kind regards, I am

Yours very truly,

(sgd.) HARRY BRONNER.

Original filed under new propositions.

APRIL 10, 1916.

Mr. HARRY BRONNER,
Hallgarten & Company,
New York City.

DEAR MR. BRONNER:—I have your favor of April 8th *

* * * * * * *

With reference to the first paragraph of your letter would say that I have for the past two or three years given considerable attention to the Buffalo situation. There is a field there for operation, which I think is rather attractive, but I would not be in a position at this time to go on record definitely regarding the concern mentioned in your letter. I have some very good friends at that point, who are very eager to have me stop there some time at my convenience, which I expect to do in the near future and after having done so I will be very glad to take this matter up with you. If you have any detailed information regarding the concern mentioned I shall be very glad to have it in advance of my visit.

Thanking you for referring this matter to me, I am

Very truly yours,

TEW:GA

SATISFACTION TO OTHER BIG PACKERS.—Cravath explained to both Swift and Armour the bankers' deal of March 11, 1916, and they were satisfied with the arrangements, and apparently the deal was equally satisfactory to other big packers. This is shown by the following memorandum of Henry Veeder giving the substance of his telephone conversation with Cravath on March 17, 1916 (six days after the contracts were signed):

March 17, 1916, 11:00 A. M., long distance conversation with Paul D. Cravath. Stated that Armour and Company had informed me that Mr. Cravath had urged that Armour and Company, Morris & Company and Swift and Company should cooperate with S. & S. Company in connection with the British shipments, and that he felt certain, because of changes about to be made in the organization of the S. & S. Company, that they would be perfectly satisfied to work with the S. & S. Company; that I also understood that there was a rumor in Chicago that Mr. Wilson had undertaken the management of the S. & S. Company, and I asked him whether this was a resumption of the negotiations with Morris & Company or not. He said that he was not at liberty at this time to discuss the matter, but that he would stand by his statement to Armour and Company that we would be more than satisfied with the new arrangement; that he

had explained to Mr. Swift the new arrangement under which it was intended to issue bonds, and that the present situation was the development of that new arrangement so explained to Mr. Swift, and was not a resumption of negotiations with Morris & Company, and that Morris & Company had nothing to do with the matter. He said he could not at this time state that Mr. Wilson was to take on the management of S. & S. or that he was not, but he said that he would give me information as soon as he was at liberty to talk of the matter.

That the "new arrangements" were satisfactory to Armour and Swift is further shown by the participation in the deal of the banks in which the packers are interested, as already explained.

The control of Wilson & Co., Inc., by the New York banking group and the selection of Thomas E. Wilson as the president of the company greatly strengthened the combination of the big packers. The Sulzbergers had never been easy people to work with in combination. They had been in and out of the Veeder pools, and in their lawsuits against the Josephs they had revealed some of the secrets of the combination.

Section 14. Proposal of Morris-Wilson merger revived.

On August 7, 1916, a subcommittee of the Committee on the Judiciary of the House of Representatives reported the Borland resolution "without recommendation" to the committee. On August 8, 1916, the following news item, a copy of which was found in the files of Wilson & Co., Inc., was sent out from Washington:

> The House Judiciary Committee held up again to-day the Borland resolution calling for an investigation of the meat packers and all allied transportation facilities, to ascertain whether the packers are engaged in the scheming to depress the price of beef cattle to growers while advancing the cost of beef products to the consumers.

In September, 1916, the bankers revived the proposal to merge Sulzberger & Sons Co. (then Wilson & Co., Inc.), with Morris & Co. The proposal was discussed in the following two letters passing between Thomas E. Wilson and W. C. Potter, of the Guaranty Trust Co.:

> SEPTEMBER 20TH, 1916.
>
> *Personal—*
>
> MY DEAR MR. WILSON: I understand through Mr. S. R. Guggenheim that the Morris family and yourself are of a mind to reopen negotiation for a consolidation of your company and the Morris Company; that the principal stumbling block to such a transaction is the two plants in Oklahoma City. I am also given to understand that you expressed a desire that I should take up with Mr. Cudahy the question of an exchange of the Cudahy plant for one of the two plants in Oklahoma City. I would be perfectly willing to start a discussion of this matter if

I knew it was your desire and that of the Morris Company to have me do so. It naturally occurs to me that either you or the officers of the Morris Company could take this matter up with Mr. Cudahy direct to better advantage.

I simply write this letter to let you know what I have been told and to say that I will be glad to serve you in any way possible, if you desire.

With my best regards, believe me,

Very sincerely yours,

WILLIAM C. POTTER.

THOMAS WILSON, Esq.,
c/o Wilson Packing Co., Chicago, Ill.

SEPTEMBER 25TH, 1916.

WILLIAM C. POTTER, Esquire,
120 Broadway, New York City.

MY DEAR MR. POTTER: I have your letter of September 20th and in reply would say that as far as I or Wilson & Co. are concerned, we would be very glad to have you feel out the situation referred to.

Of course it is impossible for me to speak for the Morris family, and you will have to look to Mr. McKenzie for an expression from them. As you no doubt are aware, Mr. Ira Morris is responsible for keeping this matter alive, and is very anxious to have something done. There was a time when if the Oklahoma situation could have been taken care of, I am satisfied a deal might have been made, but whether that same condition exists at present on their part I am unable to say. However, I am satisfied that Mr. McKenzie can give you their feelings on this point.

Yours very truly,

TEW-GS

For about three months following the above-quoted letters the bankers carried on negotiations with the Morrises through Kenneth McKenzie, private secretary to Ira Morris. The question of investigating the packing industry was again brought up in Congress, and on February 7, 1917, the President of the United States directed an investigation of alleged combinations in the food industry. Since that time no record was found of merger proposals.

REPORT OF FEDERAL TRADE COMMISSION ON MEAT-PACKING INDUSTRY—PART II

EXHIBITS

EXHIBIT 1.

THE "BLACK BOOK."

RANDA BY G. F. SULZBERGER, OF SULZBERGER & SONS CO., RELATING TO—

IE COMBINATIONS OF THE BIG PACKERS.
IE REORGANIZATION OF SULZBERGER & SONS CO., NOW SON & CO., INC.

KEY TO THE "BLACK BOOK."

(According to Germon F. Sulsberger.)

ʼilden.
—J. O. Armour.
fts.
lso means Swifts, i. e. Ed Moon—Ed Swift.
orris; has at other times a different meaning.
.s representative.]
'ravath.
or Williams—Meeker.
ichs of Goldman, Sachs & Co.

EMORANDA RELATING TO THE COMBINATIONS OF THE BIG KERS AND OTHER MATTERS BY GERMON F. SULZBERGER, SULZBERGER & SONS CO.

ING HELD WITH SANFORD, AT HIS OFFICE, JANUARY 29TH, 1913, 3:15 P. M.

rd seemed very discouraged with the general situation and prospects. I ed this was due, a good deal, to his own foolish tactics in New York; situation there had been completely demoralized by his actions and that s a very sensitive situation. He admitted that he though they had misake there but that the rest of the situation did not make him anxious ge his attitude. I explained to him that he was injuring us more than else there as we had larger proportionate interests. He claimed that s not so that "H" had larger interests but I explained to him that pro- itely this was not the case. He said he had no intent to work against said that he would arrange now to do the following: Reduce N. Y. 10% ek. 10% next week.

ave me the following figures on which he commented the showings on explained to him that nothing had been taken into consideration for ad that this should have been. This seemed to relieve his mind. I ed to him what I proposed, personally, doing without going into any nor did he show any interest to raise any inquiries as to any of the

ed his opinion as to the future prospects and whether I was warranted ning these obligations and he spoke rather discouragingly and said that self, surely would not take on anything more. However, that he would to see me do this as he knew he could get along.

Total live-stock purchases.

4 weeks ending 1/25/13.

HOGS.

		%	1910
Armour	478,400	32.26	32.02
Swift	532,887	35.93	36.54
Morris	194,152	13.09	13.28
S. & S.	123,533	8.33	6.85
Cudahy	154,086	10.39	11.30

CATTLE.

Armour	110,005	26.60	27.43
Swift	139.090	33.63	34.08
Morris	72,957	17.64	17.59
S. & S.	53,415	12.92	11.73
Cudahy	38,083	9.21	9.17

SHEEP.

Armour	236,333	29.39	29.50
Swift	290,343	37.71	38.72
Morris	101,676	13.21	14.56
S. & S.	65,939	8.56	8.06
Cudahy	85,710	11.13	9.64

CALVES.

Armour	19,289	27.14	28.53
Swift	32,021	45.06	41.85
Morris	10,295	14.49	15.27
S. & S.	4,867	6.85	5.25
Cudahy	4,588	6.46	7.10

NOTE.—Hogs include all packers' points, Fort Dodge and Sioux City. Cattle includes everything west and New York. Sheep includes everything west without New York. Calves include everything west without New York.

FEBRUARY 1, 1913.

KANSAS CITY STOCK YARDS.

Minutes of meeting held at the Rookery Office Saturday, February 1st, at about 4:00 P. M., at which was present Mr. M. J. Sulzberger, Mr. G. F. Sulzberger, and Mr. Thayer.

Mr. Thayer was asked what decision had been come to on the new stock of the Kansas City Stock Yards Company. We explained that, while the earnings of the new stock showed practically nothing last year and only about 3% on par value for the preceding years, we would accept his offer of 1,000 shares at 50 on the following conditions:

That there would be no obligation on our part to in any wise support the Yards, nor would this mean in any wise that we agreed not to engage in competitive Yards. I explained to Mr. Thayer that I felt it necessary to make these conditions and that while there was no legal obligation on our part in accepting this stock yet at the same time we felt that usually, morally, in accepting this stock we would be under obligation to support the Yards, but in this case we felt otherwise by reason of the very small interest they were giving us, which amounted to only 4%, whereas our business figures almost 20% of the total; also we had been contemplating interesting ourselves in independent Yards to receive hogs, and probably cattle. All of these conditions considered, I calculated this interest entirely too little.

In answer as to what Mr. Thayer had done with other packers he explained nothing with Armour and Swift, but was negotiating with Cudahy and would make them the same offer, as he was holding 1,000 shares for them at the same price. Mr. Thayer explained that no one bought any stock on any cheaper basis, and that he personally had taken these 2,000 shares and had held them for ourselves and Cudahy.

We repeated forcibly several times that we accepted this stock only on the above-named conditions, and suggested to Mr. Thayer that he advise the Morris interests of our position in this matter.

Mr. Thayer accepted our offer and said he would deliver the stock to us either in Boston this week or send it on to us at New York.

The understanding included that we also have the privilege of disposing of this stock at any time.

After this conference I advised Mr. E. A. Cudahy by phone in substance of the results of same, advising him if he traded with them to make the same conditions. He said he himself was going away for two weeks, but that Mr. McNaughton would handle it, and that while he did not consider the stock an exceptionally desirable purchase, yet if he entered into it he would make the same conditions.

G. F. S.

2/12/13

Fifty (50) shares of Kansas City Stock Yards stock is due me from Mr. M. J. Sulzberger.

CHICAGO, *March 27, 1914.*

NOTES on meeting with Mr. John S. Foreman, representing F. J. Walker & Company, Century Bldg., Liverpool, England.

PLANT is known as the "Aberdeen Plant," is about twelve years old and is mostly wooden.

LOCATED at Queensland on the Brisbane River, about 200 or 300 miles from Swift's plant.

LOAD all product direct on steamers.

FREIGHT to New York or Boston from Australian ports is about 1-1/2¢ on beef and mutton, but to Pacific ports about 1¢ per pound. The length of this trip is about twenty-eight days.

BRANDS: The beef coming from their plant is all marked "Aberdeen" and their mutton is marked "Smithfield."

ARMOUR: Mr. Foreman reported that Armour had bought 5,000 cattle in the Adelaide District and that some of these cattle were arriving on the SS "Banffshire," which is due next Monday. These cattle were killed by Armour at the municipal works at Adelaide. Charge for the killing I understand is about 5/8¢ per pound; this includes slaughtering, freezing, and bagging.

CUDAHY: Mr. Foreman reported Cudahy had bought some New Zealand beef, which is coming on the "Roscommon," arriving at Boston in May. Cudahy have 1,000 sides of this beef, which cost them 9¢ delivered, which beef, Mr. Foreman remarked, was the best quality, better than Australian.

SWIFT: Mr. Foreman also reported that he had heard a rumor about a month ago that Swift bought 15,000 sheep through Weddels, which would come from John Cook & Company's plant, at 8-1/2¢ New York.

Mr. Foreman estimated that Australia had about 11,000,000 cattle.

OFFERS: Mr. Foreman said that he thought he would have wethers, 40/60#, to offer at 8-1/2¢ cif New York, April, May, and June shipments; also beef cif New York or Boston at 9¢. This beef, known as "GAQ" quality, weighing about 180 # per quarter.

Mr. Foreman thought he could offer on the "Roscommon"

250 First quality Wethers at .... 10¢
250 Ewes at .... 8–¾¢
250 #1 Lambs at .... 12–½¢
250 #2 Lambs at .... 12¢

cif New York. The above is about the cost and the price at which they would be willing to sell.

He also remarked on the "Norfolk" sailing April for New York and Boston they would be willing to take orders.

Mr. Foreman stated that his people would not be interested in any arrangement to handle their beef on a commission basis, but in any case should they ever be interested in this he would communicate with us.

Also asked him to suggest a good man to represent us in Australia, on which he will advise me.

GFS/G

MY TALK WITH KLEE AT HIS OFFICE APRIL 21, 1914.

Total for the West net plus .35 last wk.

New York showed poor last month.

	S.	A.	H.	Klee.
Week ending April 4th	18.74	26.84	33.04	17.90
" " " 11th	12.55	26.72	33.13	17.27
" " " 18th	12.77	....	....	....
13 week period ending March 28th	12.14	27.47	33.30	17.17

1910 basis S. 11.79. This excludes Canadians, but includes exports.

1910 Klee shows 18.10, figures including American cattle purchased and exported, but not Canadian cattle exported; (however A. wants these cut out, as they did not export during this period, which would not, however, make difference of over ¼ of 1%).

The 1910 figures include all plants in the United States, either wholly owned or controlled, and include all purchases, country and otherwise.

Everyone is getting figures independently, and at markets where not represented commission men are sending in reports as to purchases. However, Pacific Coast points not included.

Hogs. 1910 not including Squire or North, these having been previously operated and not having been increased; nor is Halstead included, except on hogs killed West and shipped to this point. The above according to Klee.

WILLIAMS states our figures from February 14th to April 18th show 12.51. States Buffalo had 60 loads on Monday, 20 remaining unsold.

Harrison is charging yardage for simply taking in all live stock at this point.

Pennsylvania building beef abattoir, office, and hay barn at the Jersey Yards.

States Jersey market fully in line, but country cattle all costing very high. Will not make any contracts this year, nor will H., for country cattle.

States that Stern and Butchers run about 12 to 15% trefer fores in New York.

States no advantage hardening oils to-day for inedible purposes, considering price of tallow and other existing conditions. Also that Proctor & Gamble are bringing suit against the American, will also bring suit aganst the Southern and would bring suit against Swift if they operated commercially.

States week before last Butchers showed 3.75 per head plus and last week 2.25 per head plus New York.

Will be down in New York the end of this week.

G. F. S.

MEETING WITH WILLIAMS AT HIS DOWNTOWN OFFICE, APRIL 22, 1914.

He read me the following figures as having been spoken of in England, being the figures for Argentine and Uruguay included:

A	16.80
S	39.49
R. P	10.69
Sansinena	11.07
F. A	7.26
Nelson	9.86
Smithfield	7.46
Total	102.63

He also advised me that Sansinena had now raised their figures and were asking 14.53.

Also stated for the last ten weeks F. A. ran only about 6% of the total. The actual figures of the F. A. for 1913 were 5.10, to which had been added 3.12, making 8.22 for Argentine alone.

He stated that La Blanca for January had shown $122,000 profit.

I asked regarding Swift having taken Royal Mail space ten-year contract. He stated he had not heard this, but had heard that Swift had renewed their existing contracts for England for a further ten-year period.

He mentioned his land at La Plata and said he had been advised from Pierce that our man had gone over it. I explained that our man had gone over it at his own instigation and that he had reported to us in a generally favorable way; however, that we were not yet ready to finally discuss this. Williams wanted to know how much land we would like and he explained that they had completed a sewer, which cost La Plata and Armour were dividing, and which would cost approximately $200,000 gold.

He said La Plata had advantage over La Blanca amounting to $150,000 gold, annually, being difference in costs due to lighterage, etc.

He stated beside this they had received advice from their man White in London that La Plata beef was bringing 1 shilling over La Blanca or others on account of better general appearance and condition. This he claimed due to last point of loading and the lesser time in transit.

He stated La Plata had to pay considerable under their concession; that, however, the Armour land was free and clear and wholly owned by them.

They claim to have had no trouble in their foundations, piles driven did not give, and there was no difficulty experienced.

He stated that they would not give up to F. A., that Friday would be the last meeting, after which their man would be recalled; that since the F. A. had asked for more, Sansinena had also made a further request, but that they felt sure they could get the Sansinena in line.

I told Williams we in no sense recognized 1913 as a basis for a normal year, that during this period conditions were disturbed, unsettled and entirely abnormal; that the F. A. plant itself was closed four months; that shipments were admittedly entirely out of all reason and excessive and that trade conditions were disturbed.

Williams stated that no one was willing to agree to F. A.'s request. I stated this was wrong, as some of the people were willing to grant F. A.'s request, to which he answered that if others were they could, but that La Blanca certainly would not.

I said this year would be no more taken as a criterion for us than 1913 for the butchers in New York.

He stated our shipments were only running 6% for ten weeks in England. I stated that if the market in England, which was now about 8¢, got down to 7-3/4¢ or lower our shipments might only run 3%; that this in itself would form no criterion; that if conditions were good we would do more business, if they were bad we would do less, unless there were [that if conditions were good we would do more business, if they were bad we would do less, unless there were] some other definite results coming from the London meetings.

I left the matter in the shape that I told Williams this was our final idea, and I could not see my way to change it. That, however, I would see Sanford in New York.

I asked Williams what would be done regarding dead freight and he said he did not know. The last time this matter came up there was no dead freight, as for those who gave up space there were those who found use for it.

He explained regarding "H.'s" plant in Australia that this was located in a district with twelve other plants and was built of such size and capacity that in order to run it would require about three-quarters of all the cattle in the district, and that surely these twelve other plants would not shut down and allow H. to get these plant requirements.

He stated that the 5,000 cattle he killed at Adelaide lost considerable money, due, he claimed, to not realizing values for the offal and by-products, as well as excessive charges at the government plant made at this point. As they only run a few months of the year they charge all over-head and administrative for all of the business done during those four months which made consequently high cost. Williams said they had done this business merely as a trial, thinking they might scalp a profit.

Williams seemed anxious that we buy land from him. Claimed their land was good and exceptional, that they would sell some this year and that at the present moment Standard Oil were investigating some of their land at La Plata.

Williams claimed total last week for them about 35 plus in the United States.

G. F. S.

MEETING WITH KLEE AT HIS OFFICE MAY 7, 1914.

The Argentine matters were spoken of, but nothing definite. Mr. White will return Saturday, at which time matter will be taken up with him.

Klee claimed there was a difference between Swift and Sansinena regarding Uruguayan shipments, Sansinena claiming half of the total, whereas their business showed so far only about half of Swift's business for Uruguay.

Regarding New York, H. wanted included sheep and lambs killed down there in the total purchases, but Sanford does not want this. I suggested in some way limiting or including Harrison. I stated that we had done less business last year in New York on account of poor showing. G. F. S.

[In pencil:] *Chicago Garbage.*

NOTES ON INTERVIEW WITH MESSRS. HARRIS AND ROTHSCHILD OF CHICAGO HOUSE WRECKING COMPANY—MAY 11, 1914—A. M.

Regarding *Colon.* This is a city of 23,000 people. The Paris interests are erecting an/ ince [ice] making plant there, with possible cold storage facilities. They claim to have the only available location, which they have received under long term lease from the Government.

Regarding *city tankage*, claimed this will run 10% grease, and they expect to get 125 to 150 tons daily. They have no particular plan as to the manner of handling, and have not decided whether to handle on a grant or otherwise. I stated we had an idle plant of 20 to 30 tons daily capacity that could be easily enlarged; that we did not care to deal with the City, for the value of their contract consisted chiefly in the good will of the employees of the City because

their interests, as it remained in the hands of these people to make this a ofitable or an unprofitable contract; that we did not bid on the contract beuse we felt we did not have this good will of the City employees and could t properly handle this business for that reason. Mr. Harris and Mr. Rothsild both assured us they had the good will of the entire organization from e Mayor down, and everything possible will be done to help them in carrying it this contract. Their contract contained a specific chemical analysis clause, hich would insure the tankage running according to specifications. If not, differences would be adjusted.

I suggested that obviously there was a possibility of combining to mutual lvantage, by reason of their having the contract and being able to deal sucssfully with the municipal employees and our having the plant, experience id knowledge of this business, as well as steam, power and other things cessary to carry on this contract.

The matter was left that they would send me full specifications of the conact and we would let them know in a day or two.

They stated Black was not interested in this contract and same had not even en taken up with him.

G. F. S.

MEMO, OF TELEPHONE CONVERSATION WITH WILLIAMS MAY 15, 1914, A. M.

He gave me the following:

February for La Blanca showed $125,000 profit, and March showed a loss of 0,900.

I stated that February for F. A. showed $39,000 profit and March showed 0,000 loss. I explained that of course we were just commencing our operaons and were having some special organization and starting costs.

G. F. S.

EMORANDUM—MEETING WITH MR. ROTHSCHILD OF HARRIS BROS. CO. AT ROOKERY OFFICE, WEDNESDAY, MAY 20, 1914, AT 4:00 P. M.

In this talk Mr. Rothschild agreed that he would not trade on our proposion with Mr. Alling. Following proposition made by us tentatively subject to e figures which will be given as to the cost for additional equipment necesry to handle the city volume.

New company to be formed to take over our present plant; total cost of isting plant to be charged to the new company on basis of 7% annual rental. hat we would take 60% and they 40% of the new company. That the city nkage will be turned in at actual net cost, viz. $5.77. That Mr. Rothschild's presentative and our own representative would figure as to the additional st required to place plant in proper operating condition. After this figure id been given we would then decide whether we care to go ahead with the oposition. If we agreed to go ahead with it, each party would then appoint arbitrator to decide on exact costs of steam, labor, administrative, etc., to charged against the new company.

G. F. S.

MEETING HELD AT ARMOUR'S OFFICE JUNE 4TH, 1914, A. M.

Present: Messrs. White, Wilson and Edward Swift.

I explained regarding Lamport space to States, also misunderstanding in gard to mutton.

I stated that our June shipments to States were 227 tons chilled and 120 ns frozen, and from July should be about 180 tons weekly up to October t, 1914, and from then it would be 250 to perhaps 350 tons weekly up to ily, 1918. They questioned statement of 350 tons weekly and said they

thought this was an error, probably coming on only fortnightly beats which are starting in after October and which are probably all frozen.

La Blanca stated they had 500 tons from July on and probably 555 to 560 tons from October on up to 1918.

La Plata contract with Lamport & Holt is they are to receive one third of total space, this covering both Uruguay and Argentine plants. I stated I thought this a little excessive for Swift.

MUTTON: No one thought this item of any particular importance or interest as they had found business unprofitable, excepting at a certain particular season of the year. While Patagonia is not included, no mutton can be shipped from there now, it not being the season until December.

BEEF: They also stated percentages which had been allotted us on beef for England were as follows: Up to Sansinena contributed equally by every one; difference up to one half of La Blanca contributed by Nelson, in which they thought probably Poels had also contributed.

SHEEP AND LAMBS: The understanding had been that these were to remain as in the old pool previous to April, 1913. Understanding was that sheep from Uruguay not to exceed 20.000 weekly up to October of this year. As far as the Argentine sheep were concerned, no one cared for this business as it was not profitable at the moment.

There is no understanding that Uruguay is entitled to 25% of total Uruguay Argentine sheep; these figures happened to come out in this way at this moment. After six weeks Argentine may or may not be increased without a corresponding change in Uruguay figures; the understanding being simply that Uruguay mutton shipments are not to exceed 20,000 per week up until October, whereas the 60,000 carcasses per week for Argentine extend only for a six weeks' period.

As regards mutton for the United States, this is entirely unlimited.

Regarding beef to the United States, it was understood that Lamport & Holt would give Sansinena space equal to the River Plate space.

I stated that the United States shipments as arranged figured about as follows, which figures were made note of:

La Plata	32.23
Uruguay	
La Blanca	23.02
River Plate	11.97
Sansinena	
Sansinena Uruguay	
Smithfield & Argentine	11.05
Nelson	11.97
F. A. C	9.76

I stated in reference to these figures that there would be some change on account of Sansinena not being included.

I stated we were not satisfield with our figures, which they explained however, were all that could fairly be asked.

G. F. S.

MEETING AT ARMOUR'S OFFICE JUNE 4TH, 1914, P. M.

Regarding the Lamport space to the United States, it is understood that Lamport have space they are holding for Sansinena, which will be allotted to them. Therefore no further reductions will be made from the parties now holding space.

I stated that I would cable Archer accepting arrangements as made by meeting on mutton and beef, but if possible we would try to trade with others re-

garding more mutton. However, I wanted a distinct statement from Sanford and Klee that they were not directly or indirectly interested either in Moon's or in any other packing plant in Australia. Both made this statement. I stated I wanted this as I was closing the English arrangement in order to meet the desires of the majority, but I wanted to feel that the majority in this matter were in no different position than we were.

I asked Moon whether he had not told S. G. that he would not take Royal Mail ten years space, and he stated he had not made any such statement and continued to repeat positively that he had never made this statement to S. G.

Sanford says showed plus 10 last week, but worse this week.

Question of Eastern killing of sheep and lambs, whether or not this be included, was discussed but not decided. Klee claimed export cattle 1910 should be included. Sanford opposed. I stated that this was more than the mere purchasing of stock.

Export figures for 1910, according to Sanford, showed the following:

Armour	2,700
Morris	43,000, excluding 17,000 exported from Canada.
Swift	17,000
S & S	13,000

Klee figures, including exports, 18.10. Sanford claimed this figure should be excluding exports 17.59. Sanford shows 11.79, including exports, as against 11.73, excluding exports for Sand. Klee claimed account beef formerly exported by others having included therefore cattle exported 1910 should also be included. Sanford claimed this incorrect.

G. F. S.

MEMORANDUM OF MEETING HELD JUNE 18TH, 1914, A. M.

Question has come up regarding New York. Klee claims our outsiders not similar to others, as we simply leased the 44th Street property and they did their own work. I stated this was incorrect, as we afforded them the refrigeration facilities and refrigeration, which was an important thing, as well as had an investment in them by reason of financing some of them, and also had improved properties which made it possible for them to have Government inspection, etc.

However, I suggested that outsiders be counted separately and that these should not exceed 1910. G. F. S.

CHICAGO, *June 18, 1914*.

Mr. Walker suggested he might be able to offer the following:

500 Fores and Hinds, August shipment	4-3/8d	cif New York
1130—half August and half September—		
For August	4-7/16d	" " "
For September	4-1/2d	" " "
500 to 750 August	4-3/8d	" " "

All of these London dressing, first quality meat.

The above, however, is not a firm offer, but merely a suggestion on Mr. Walker's part. G. F. S.

CC JAH
GCW
WFC

MINUTES OF CONVERSATION WITH MR. WILSON SATURDAY, JUNE 27TH, 1914.

Regarding Kansas City Stock Yards. Claimed they earned 10% of the Common Stock last year, or at least safely $200,000 available for Common Stock dividend.

Maine Company now owns all but 67 shares of Missouri company, and they have about 700,000 available for dividend.

In answer to my question as to when dividend would be declared, if at all, he could give me no information, as he had no definite idea on this. In the first place, they were awaiting outcome of present litigation with railroad.

Said Armour had 100 shares of stock.

He also stated L. F. Swift and Carton owned 100 shares of the old company which had not as yet been turned in.

In answer to my offer to sell our stock to him said they were not interested in this class of investment at the present time.

I suggested at some time previous we had been thinking of receiving live stock direct at our plant and that recently some of the railroads had intimated indirectly that they might be interested in some arrangement along this line. He stated this would be considered very unfriendly to the Stock Yards Company.

I simply stated I wished to advise him of our mental attitude in this matter, namely, that we held stock, had not received any dividends and that he was unwilling to state when dividends would be declared.

G. F. S.

MEETING WITH SANFORD, HIS OFFICE, WEDNESDAY, APRIL 22, 1915.

I went to see Sanford today, and he told me that he had had an offer FOB New York, at 11½¢ for beef, from France, and that he was holding it now for 12¢. He also said that he had sold Zinal Beef, in France, at 13½¢ which netted 11¢ N. Y.

When I asked him how much goods he had had held in England, he said that it amounted to about four and one half millions. I explained that I thought the British Government had acted unfairly in this matter, as they had made us discontinue all shipments after the 15th of April, with the understanding that they would settle for all goods held up to that time. As yet nothing has been done, and if they did not take the matter up soon, I thought we should ship again. He agreed to this, and telephoned White, and told him to telegraph Spring Rice to that effect, and he would sign his own name to it.

In answer to my question as to whether he was building in Australia, he said that he was not, and that furthermore they did not own any land. Morris, however, has purchased some land there. He said that the cattle there was costing today 8½¢ in the beef, and that White said that "H" showed a profit of $12 per head, and they were killing 400 head daily. He said that that plant had cost "H" over $3,000,000. Sanford said that he sold no canned meats, as he thought they were in poor standing, and that this to his opinion was due to the fact of his local canning plant in England. He bid eleven shilling on the last order.

He expects that the new Argentine plant will operate by July. I qusetioned him if he thought this would disturb existing arrangements. He said that he did no think so, as all the Plant's output had already been contracted for. From this I infer that there is a Special contract between them and the British Government.

The boats that he is having built have been greatly delayed, anyway by reason of the government having commandeered all ships, and therefore in this way all shipments are regulated. He asked me not to mention the special contracts, as they are unknown to all, and "H" does not know of them.

He said that La Blanca showed a profit of 55,000£ from March and I told him that F. A. had shown $90,000 profit. I told him that we had made a million dollars profit from January to April. I told him of the Bankers wanting some

of our common stock, and he said he thought this entirely unwarranted. I told him of the Bankers demands, and that they were pressing us hard, and he said he had had a similar experience with the K. C. R. R. He said he would be in N. Y. on Monday, and I said that I would probably be there alsa.

He said that he felt friendly towards provisions, and that he had taken in all of his short lines, and that now he was long 16,000 lard.

Referring to the English Seizures he said he felt assured that the British Government would pay him in full.

MEETING WITH FORBES, NEW BEDFORD, MASS., JUNE 20, 1915. FORBES, BOWDITCH, PERKINS, G. F.

Forbes's idea was to contract for a large number of cattle for future delivery, at the market price, but I explained that this was impracticable on account of the disputes on prices at such times, and that one price should be arranged for, for the entire contract. MacKenzie cabled the following:

"Sold 1,000 steers at 7½ milries per Aroba at Baratos, averaging at 19½ Aroba per head, to the Continental of which 250 have delivered." I said that this was the dressed cost basis, and equivalent to about $31 per head. I told them that MacKenzie had been making mistakes about his trading and told them that a year ago we had offered him 145 milries, equivalent to $46 per head; and that the same cattle were now being sold at $31. That they did not weigh any more now, and that they were then ready for selling and that they had lost interest on the money besides the difference in price. That Patten had complained that he had often wanted to trade with MacKenzie but that his price was too high.

I explained that we were now doing all the business that was possible to do with the present capacity for freightage and boat space.

Forbes wants to buy cattle now for the Cattle Co. as he thinks the price is going higher. He showed me the correspondence of Brown in Paris, and also Lamber, with regards to the contracts of the Cont. Beef. Bowditch is to send me all of this correspondence, and is to cable Grant Forbes to show this correspondence to Arthur. I accordingly sent him Arthur's address today.

Forbes said that he did not want to interfere with the selling end of the Cont. and that he only wants to sell us the cattle from the Cattle Co. I told him that we were glad to have him interested, Forbes saw Signoret, Armour's representative for France who said that they could sell as high as 10,000 tons per month, presumably to the French Government, and handle this at a charge of 1%.

I told him of the difficulty we were having to get boat space, and that we were negotiating along these lines now. They suggested that the Isthmian Canal Commission had towboats that they knew of, which traveled between New York and Colon. They were formerly called the Tremont and the Shawmut, but now were named the Ancon and the Christobel. These might be obtainable as they did not think the Government had any use for these boats now. They also suggested the Pacific Mail Line, which might be able to lease boats. He said that if the Cont. needed boats, he might be willing to buy some boats, but I explained that the financial condition of the Co. would make this impossible. I then showed him the correspondence to the London Southwestern Bank, and Forbes suggested that other banks be used, instead of this one, and that I should cable Archer to get in touch with Binder, and so get in touch with the London County and Westminster, or Union and Smith, or Speyer's. He said that he would himself get in touch personally with Sir Edgar Speyer.

Bowditch is to send me all correspondence regarding the meat offers, also MacKenzie's correspondence referring to the Cont.

They thought that regarding refrigerator cars, Farquhar might deal with the Central Ry., and get them to lease us some, and that they were now cabling him

on this matter. I explained that lack of funds was the fault of having no refrigerators cars at this time.

They said that they expected that the Cattle Co. would have 28,000 cattle for sale this year, and a possible 35,000.

Forbes then showed me the correspondence concerning his interview with Lord Balfour, Pres. of the Sanpaulo Ry., who declared his willingness to give his assistance. Forbes has cabled Lord Balfour to try to lease cars from the Sanpaulo Ry. He then showed me the record of the interviews of various matters of the Cont. which were of very little importance.

I asked him if he had any definite plan as to the way he was going to handle the Brazil R. R. situation. He said he had not. I asked if Farquahr had any. He said no, none except that he thought everything should be handled in a gradual way, with no drastic sudden action. I said that the American Bankers might possibly be interested, and that I considered them the proper people for the situation now. I said that I also thought there should be a split up, doing away with some of the bad things. They asked me what I considered the bad things, and I gave them the following list:

The Ports;
The Rubber Interests;
The Rio Refrigerators;
the latter, which I thought could be worked out.

Forbes said he was in favor of keeping it as a unit, and that he also favored direct ownership for the Brazil R. R. of all it's subsidiaries.

He asked me if I would be willing to allow the transferring of the Cont. stock, now owned by the Cattle Co. to the Brazil R. R., although this was contrary to our contract. I said that this would be satisfactory providing the Brazil R. R. was in good condition at the time, and had the proper officers and personnel.

Forbes highly recommended Patten, and said he had been doing very good work. That the p'ant was well planned, and had been well and economically worked out. That he considered the Cont. the best enterprise connected with the Brazil R. R. and that it was the only one for which he had been able to raise extra money, although others had been in more need of it than the Cont.

Forbes seemed disappointed in the National City Bank, for it evidently had refused to loan him money for the Cattle Co.

I explained that Farquahr had promised to arrange for Refrigerator Cars, Rail shipping arrangements to Santos, and dock facilities there, and that on account of his connections with all the RRs we had counted on his tending to this, but that he had not done so. They suggested sliding scale for cattle prices, dependent on beef markets, after allowing all expenses and a fixed profit to the Cont. I said this was satisfactory if it was understood that the price was to be according to today's margin of profits which are unusually high and which we now estimate at 3½ to 4 cents per pound.

CONVERSATION HELD WITH IRA:

Eddie made no list of Kansas City stock in estate transfer.

Eddie sold hides to Mosser private company at lower price than to the Morris Co. Estate now returning money to the Morris Co. Eddie later turned Mosser Co. over to the Morris Co. at an inflated value.

Ira said he thought Stringer would be next Senator.

Ira said Spoor did not let Eddie in on the Century manufacturing plan, which displeased Eddie.

Spoor and Eddie lost money in the City Connecting R. R.

Eddie personally owed Morris Co. a great deal of money which he agreed to pay back gradually. The Estate is now paying what was still due.

Louis at one time bid Ira 80 for his St. Louis stock, when the stock price was at the time 95. Nothing was done then, but Ira heard the next day of Eddie's Kansas City deal. Ira does not think Eddie paid more than 50 for stock. Ira will notify G. F.

Ira said that St. Louis is showing very well.

G. F. S. said he would see what he could do to find out why Senator Kenyon is opposing Ira.

MEETING WITH SANFORD AT HIS OFFICE JULY 7TH.

I explained the result of New York negotiations and also told him of the conversation held with Moon. He assured me that he had not had any communications from Moon on this subject. He advised that the L. B. plant had shown 600 right last month and would show equally well this month. I told him that F. A. had shown 200 for this period.

His last month on Chas. showed 30c less per head.

He made two separate shipments of live cattle netting 15—3/4 cif., the first shipment showing $18.00 per head and the second $10.00 per head right, but that on further shipments would be made.

Sanford had heard that Stevens would be in the market shortly for canned meat and that he comtemplating a price of 12/6.

With reference to the L. P. plant they had a firm contract for about 13,500 cattle for the first month. This contract was made with Stevens direct and was on the same price basis as the other existing contracts. This allowed them no shipments to the trade as there was no other space available.

MEMORANDUM OF MEETING HELD WITH MR. MOON JULY 13TH, 1915, AT HIS OFFICE, CHICAGO YARDS.

He mentioned that Mr. Potter, whom he had referred to, was the Senior and not the one at the Guarantee.

I spoke to him with reference to the renewal of the lease in New York and that it would be necessary to have a decision on this now as it would require several months to take care of this work on our property. Moon asked whether the rental could be raised and I told him that it could not for it figured too high at the present time. He stated that he had no other uses in mind for this property and this probably could be renewed, but that he would advise us in a day or two.

He referred to Sioux Falls, asking if we were interested in the stock yards proposition that was being promoted there now. I told him that we were not and that we had had in mind establishing a yards simply to take care of our own business, the idea being able to collect yardage for live stock coming through to our plant. He stated that this would disturb Sioux City. I told him that on the scale that we had contemplated going ahead this could not in any sense interfere with the other yards.

He asked me if we were dealing in this matter through a party by the name of Jones. I told him that we were not. Jones evidently is interested with the people who are now receiving with the yards that are now under way. He explained that Jones had been connected with some bank in which they had been interested and that there had been some shortage at the bank and that Jones had made a settlement to avoid criminal proceedings.

He asked me whether Morrell would buy through the new stock yards and I explained that Morrell had told us that they would not buy through these yards.

I advised him that nothing would be done in the Sioux Falls stock yards without my first advising him and that the original propositions contemplated

only a small yards for the collection of yardage on live stock handled through the packing house.

I referred to the Black matters and he explained that Black's place had been rather unimportant from their point of view and that it was now being filled by Burroughs. In the matter of the estate, as they had the right to select a successor, they had appointed Charles to this position.

He referred to the matter on which he had come to see me in New York and stated that if I had wired him he could have done what he then proposed but that he felt this was probably the proper arrangement and he seemed to feel that there was nothing further for him to do in the matter.

He explained that in Australia all the plants had been commandeered and there has been a drought that has raised stock prices considerably so that the present business was not very profitable.

We then went over and met Burroughs in the latter's offices and Burroughs seemed much interested in the boiled beef business we had done in France. He understood that we had received 14.58 francs for this and I told him I did not know the exact figure but thought it had been somewhere about 14. I told him that our idea of future business was about 15 francs. He stated he thought this would be about right.

I explained to him that we had on hand about 100,000 cases of corned beef ones.

(B) MEMORANDA RELATING TO THE REORGANIZATION OF SULZBERGER & SONS CO., NOW WILSON & CO., INC., BY GERMON F. SULZBERGER, OF SULZBERGER & SONS CO.

MEETING HELD JANUARY 28TH, 1913, AT 4:00 P. M. AT THE FORT DEARBORN BANK WITH BLACK.

I explained to Black, in a general way, my personal plan, telling him that I was making the necessary financial arrangements in New York but that I wanted to have associated with me some experienced and intelligent man and that I had come to him to see whether he would not interest himself with me in this proposition.

I did not go into any figures or percentages at all at this meeting but only spoke of the proposition in a very general way. Black explained that they had written a letter to F. S. on account of the fear of the Government's interpretation of his connection with any company which might mean to the Government that "H" was again controlling.

Black said he wanted to take this up with his people and make an appointment to meet him the day following, January 29th, one o'clock, at the Blackstone Hotel at which time Black stated that his people had decided, on fear of the Government's attitude and the uncertainty of the policies of the coming administration, that they feared to make this connection. I then explained to Black that this did not at all mean the acquisition but simply meant a personal participation, on his part, with me in the acquiring and that I could not see how this could in any wise be interpreted to violate the intent, even technically, of any law statute; in fact would consider it the most natural thing for him if he discontinued his connections to make new ones in the same line.

I explained the proposition to him in more detail, that I needed a total of five, one of which would be given by me—my personal notes to F. S. for seven years with collateral, the rest cash and that I was making arrangements in New York to get this cash on a five year basis but that it would cost me 7% which I thought high, which Black, however, considered in line, that I would get from 51 to 55%. Of course in figuring I explained to Black that my own

interests were there which I did not have to buy again. He asked me on what basis he could participate and I told him that we could discuss this later but that I would make this a very fair basis, that I wanted his services particularly, that I felt this was a big obligation for me to take personally and that it was not with a view to selling any part of this that I came to him but with a view to engaging his services. He asked me to name a minimum, which I would have to take and I said "two" and that as long as we were making a minimum I said I would have to set a maximum which I would make "Three" and that the entire thing would then be tied up in a voting trust which He and I would control. He said he would consider this again and was to meet me January 30th.

MEETING WITH SANFORD OCT. 23, 1914.

Called on Sanford at his office Friday, Oct. 23, 1914, and explained to him general talks that I had had with Cravath in New York, and that Cravath suggested seeing Sanford before "H."

Before getting into this part of the conversation, Sanford stated La Blanca made £45,000, last month, (total). Also said Jo. Cudahy owned 60% of the business and that Ed. retained 40%, but that Ed. was out of the management. and that there had been some differences between them. That Ed. had been in to see him lately and had said that the business would show about the same profits as last year, $1,200,000. Also told me that they had sold 5,000,000 pounds of fat backs to the French Government at 16½ cents and that Swift had the following day offered these to the French Government at 11¾ cents. Also that Armour figured on this sale a profit of 5 cents per pound. That Morris would show a little better than last year, and that "H" claimed to have made twelve to fourteen per cent.

I told him we had made at F. A. about 170 last month. Then explained general conditions of our assets and liabilities of Parent Company, which would be approximately as follows:

B. P.	$17,000
Debentures	8,600
AP	1,500
Or total of	$27,000

Against which there would be in quick assets approximately, as follows:

Mdse. and Ac. Re	$20,000
Cash	7,300

and I explained that these Debentures coming due June 1916 would be considered by the Bankers as B. P. and that I said when statement appeared in January that Bankers would be frightened account of large B. P. He inquired what occurred to the 10,000, shown as increase in B. P. against last year. I explained as follows:

Mdse. and Ac. Re	$50,000
Cash Increase	4,000

Deb. and P. F. D. retired 700 (about).

Probably 10,000, Construction Investments, etc.

He suggested not showing Due Date Debentures. I explained that every one knew about them. He stated that he did not regard the condition serious, but I said I considered condition extremely serious. Said his own B. P. would show more than $10,000 increase. In reference to cash I explained to Sanford that this item of Seven would probably be considerable less on date of statement as this had been decreased to pay off B. P. and that B. P. also would show corresponding decrease. He suggested worst possibility, reducing our busi-

ness. I explained impossible account of increase expenses if business decreased. I mentioned Cravath suggested forming group of strong financial names to become interested with us, but in order to accomplish this would be necessary to have Sanford's name.

Left matter with understanding that Cravath would meet Sanford to further discuss. Mentioned that above given figures did not include subsidiaries.

[In pencil] Meeting Oct. 23, 1914.

MEETING WITH SANFORD HIS OFFICE MONDAY, OCT. 26, 1914.

Said Cravath would be in Chicago in the morning, regarding general matters. He stated he thought too much expansion on too little capital. Asked about San Paulo, which I explained was very satisfactory for us. Plant was completed and Company had about $500,000 cash on hand, and good prospects in local and Canned Meat Trade. That we invested about $240,000 and we received $60,000 annually.

Answering his query regarding Albert Lea, said we had acquired plant without cost and $50,000 cash, and this would not therefore require any particular extra money. He expressed opinion that our Organization was not properly built for volume of our business, as we had increased our business too fast. I explained we had no desire for large volume but were forced to expand by "H," who likewise compelled him to keep expanding. He stated that he would not go to Australia even though "H" is there, on account of not wanting to expand and also because plants there could operate only five months out of the year. I said that if "H" made money there Sanford would be forced to put up a Plant there as he could not give "H" this advantage. He agreed to this and said "H" was not trying to break anyone, but that their advantage was their stock-selling possibilities. I said I agreed "H" not trying to hurt us and if anything happened it would probably swamp "H" on account of delicate condition of his credit.

Regard to San Paulo explained that I had had meeting in New York with Forbes, receiver of Brazil R. R. and that they had expresed every desire to help Continental and that any funds available would be given to the Continental, as they felt that this Company could make good showing at this time.

MEETING WITH SANFORD HIS OFFICE, CRAVATH AND MYSELF TUESDAY OCT. 27, AT NOON.

Cravath explained estimated figures of consolidated Sheet showing Q. A. somewhat less than B. P. Sanford asked about earnings which I stated would show small margins after paying dividends. Cravath also mentioned value of properties. Sanford asked what Cravath recommended. Cravath made no recommendations but mentioned Crews having called on him in New York a few days previous and having suggested a possible combination between two or all of the three smaller people, namely, S. & S., Morris & Cudahy, and that of the three he considered the most feasible S & S and Morris, and that Crews had spoken very highly of Wilson. Sanford replied he did not think S & S and Morris could work together account of existing feeling between individual families. He thought Morris strong enough, and Jo. Cudahy although he did not know anything about he did not consider them strong enough. That he considered our results comparatively poor account too rapid increase in volume. I explained our comparative volume no increase since 1910, that where we suffered actually was high cost on account of smaller volume, also high interest rates for our monies, and high interest for unnecessary funds we carried. Also our smaller provision volume and comparatively larger beef business, and that for the last three years no money has been in beef business. Sanford did not

deny this, in fact had at a previous meeting admitted that they had made no money in their beef business the last years.

Cravath then intimated that he wanted to talk alone with Sanford, and I left.

Later Cravath came to the Rookery and explained to M. J. and me that he had wanted to talk alone with Sanford to see whether anything further might be said by Sanford concerning our management. Cravath said nothing further was mentioned, that Sanford repeated large expansion, which Cravath stated he did not believe to have any material bearing on present condition. He understood Sinclair's, Albert Lea, San Paulo, Natchez, had not taken any material funds. The matter was left that Sanford would think it over and also Sanford had said he considered it proper not to have gone to "H" but that "H" should be seen later on.

My conclusion of the above is that Sanford is still contemplating a Morris Combination, with a view of selling stocks to the public. Also that Sanford is afraid to undertake proposition or even interest himself in it, without first "H" committed.

FOOT NOTE.

When Sanford claimed that too much money had been expended in the new lines of the business, I explained to Cravath that it was necessary for us to do this, and we had managed to spend less money in doing it than any of the other companies, as shown by the South American Plant, and Sinclair's for which we had to spend very little and which was necessary to our provision business. Cravath agreed with me in this matter.

Meeting Oct. 27, 1914.

MEETING HELD AT H OFFICE AT YARDS 10:30 A. M. TUESDAY, NOV. 17, 1914.

Black, L. F. and Ed. Moon present, the present situation having been previously explained to Black and E. Moon at the meeting on Friday, Nov. 13, namely: Debentures coming due, difficulty of financing at this time, poor showing, increase in B. P.'s (being five to six mill).

I explained again that as to the necessity for something being done, that I personally did not want to sell out, as I believed in the future of the business, but that I was thinking only for the welfare of the Company and Name, and that I was forgetting own self in the matter. That if they did not wish me to remain I was of course ready to step out; also that in making this I did not wish if I were to retain a position that was to be considered in any sense a part consideration.

E. then said that they would not consider less than a majority, namely 51%. Black stated that this being a New York Corp. it would be necessary to have more than this to do certain acts such as mortgage, and that therefore some agreement would possibly have to be entered into.

E. said they felt favorable to the matter, and that they would pay a nominal consideration. I then on the request gave the figures which follow later, which I stated did not include subsidiaries; that the B. P.'s of these subsidiaries amounted to about 5, and that these subsidiaries had about 4 Mdse., and about 800,000 cash. In the following figures also the property account is left the same as last year, although it had been considerably augmented. Also that this did not include outside investments such as F. A. C. which they asked me to estimate, and which I said would run about 400,000; nor new construction, which I estimated at about 700. I also stated that during the year 611,000 debentures have been retired. Also 165,000 preferred stock. After figuring up the below figures, they explained there was a deficit of 1,800 as compared to 1913, which I explained was largely in the items above enumerated, and which are not included in the list which they had compiled. Also that F. A.

had lost considerable money, but was now making money, having made 190,000 in the last month.

In answer to E.'s question I said Common Stock was nonassessable. L. said that he figured looking at last three years statements, showings had not been good. In answer to his question as to earnings I said I did not know what the had been. He said in looking at last year's figures what prospects were in reference to declaration of dividends, and I said there was some question about January. It was then suggested that would not the previous surplus take care of this, but L. said he did not think it would as this previous surplus was largely composed of previous appreciations. I said I thought it was composed in part of earnings and appreciations. E. said he figured that last year's statement property account contained 10 to 15 mill. good will. I did not argue this. I explained that value of Common Stock, taking out good will was about 45.

They asked in particular about Sao Paulo. I explained about the general status and the arrangements, and the large banks who were interested. Black seemed familiar with the Societe Generale, which he knew to have been one of the largest French banks, but which he said he had heard had suspended payment. I explained that the French parties interested with us had recently sent a man over who had said that he thought that interested parties would stand ready to furnish further capital, as required for the Continental, for they considered this a most opportune time to make money for the Continental on account of war conditions, and that they could secure large contracts from the French Government. I further explained that the local trade amounted to about 200 cattle per day, that the plant would be finished next month, and that the Company would have about $500,000 cash on hand.

They then asked me my ideas on price and I stated book value 45, and then explained that 25 would be as low a price as we could ask. Ed said that this was entirely out of reason, and that he would not consider it. It was suggested to have Cravath come out, but on account of difference of opinion in price it was decided not to have him come until some agreement had been reached.

Black then suggested that we meet again tomorrow morning at 10:30 at H office, which we all agreed.

P. S. I also explained that M. J. and I would like to sell our preferred stock which we now had up against loans, but Black and E. turned this down decidedly, saying they would not be at all interested. PS. 2. L. asked me whether I thought H. Co. would take this proposition over legally, and I said "No," I did not think so, but that Black would take it over legally.

	B. P	13
	Cash	3
	Mdse	11.3
	A/C Rec	6.1
	A/C Pay	6.
X	Prop	25.5
	Invest	7.6
	Disc. and Ins. Pd	.500

X Not given.

MEETING WITH BLACK AT DOVERS BANK THURSDAY, NOVEMBER 19, 1914 AT 4:30.

I asked if he thought it would hurt to use his name when speaking of this matter to New York Parties. He said he did not think so, but thought it inadvisable to mention H's name, only that he was acting for them.

Black thought there would be lot of hard work connected with the business and that it would need a great deal of money put into it, but that it would pay

in the end, and he expected to drop all his other business matters and devote all of his time to this in the future.

I explained that all the other parties were unwilling to sell at any lower price than that already offered, which would necessitate my selling two-thirds of my stock, leaving me only nine per cent. He did not think this sufficient, and thought I would need at least 25 per cent. He advised me to bring this up at tomorrow's meeting.

MEETING FRIDAY, NOVEMBER 20, 1914.

Only Black and Ed. H. were present, and the meeting was on the whole very unsatisfactory. I offered 15 as my lowest price saying that I had talked with my New York Parties, who said that they might as well get nothing at all as go any lower than that.

They said that after everything was paid, including the preferred Stock, the net equities would amount from seven to eight mill.

H. said he was going out of town until Tuesday, and that they would hold another meeting then, and give their price if they wanted it at all, but that Black was remaining here in case any matter should arise.

MEETING HELD ON MONDAY, NOV. 23, 1914, WITH CRAVATH AND MR. BRUNNER, IN CHICAGO, ILL.

We discussed the previous negotiations which had taken place between Moon and ourselves and Mr. Brunner had stated that he might participate in some pool to be formed either with the Moon People or if without them, with the other Bankers. During all of Monday the discussion continued between Brunner, Cravath, Max and myself at the Blackstone. It was finely decided that after Mr. Cravath had suggested his meeting with Black, that it were best not to have that meeting and the next day I would meet Black or Moon and would try and arrange to have them meet Cravath.

Brunner raised many questions as to the showing and so forth and had a very general understanding as to all the conditions existing. Brunner stated that he would participate in his prorate share and indicated that he would be ready to invest two hundred to two hundred and fifty thousand dollars in any reorganization, either with bankers or Moon. Brunner idea being that if Moon would not become interested it would then be desirable to take the matter up with the Goldman Schiff and perhaps others in order to form a pool to take over a part of the Common. I explained to Cravath that the Moon people have not treated me very fairly, that they had forced me to come to these meetings alone and refused my suggestion of having either Max or Cravath attending meetings saying they wished only to speak with me. Also that they had not made any offer but had continued forcing me to make the offers to which I had, first 25 and then 15 per share, and their only intimation had been that they were ready to pay some nominal price, which they had not stated.

Cravath continued to impress the importance before being able to interest others that new management would be obtained and that it could be shown that conditions had so changed that better showings might be expected.

On Tuesday I called up Black, but being unable to reach him and found out later that he had been sick I finally got to Louis, Eddie being out of town and arranged for a meeting with him. I explained to him at this meeting that it was important that some quick action were decided upon, that Cravath and one of the Bankers were here mentioning Brunner, and that I thought it might be advisable for him to have a meeting with Brunner. I explained that if we could not get together with Moon we would consider trying to get up a bankers syndicate as we felt absolutely necessary that something be

done in this matter, and be done at an early moment. Louis seemed to feel that I was exaggerating the seriousness of the situation and thought that it would have time. He explained that he did not feel as if he should act in the absence of Black as well as Eddie, that he himself did not feel favorable to this matter as he expressed himself to the effect that he had all that he wanted and felt satisfied, nor did he wish to incur the responsibility or possibility of any legal inquiry on the part of the government which he thought might be promoted by reason of Black's connections with the H's interest. I told him that I spoken very frankly to them, and that I felt I had not been treated very fairly in this matter by reason of not being allowed to have any other representative with me in meeting these three people, also the fact that they had refused to make any offers whatsoever, and continued asking me to make them propositions. I also explained that the people in New York were beginning to become somewhat agitated. I referred to the previous existing feeling and the fact that this has been based a good deal upon their action in regard to their purchase of the Joseph and Weil Stock also the fact that F. S. had continuously spoken of the difficult situation caused by the maneuvoers of the Moon interest. Louis stated that Black was sick and that his brother Eddie would not be back until the following Tuesday, that he would see Cravath for lunch. I found later that Eddie was in Washington, I then arranged for Cravath who met Louis, and who reported about the following conversation, that Louis had expressed on the questioning of Cravath that he meant by nominal value from one to five dollars per share, that he personally was not ambitious in this matter but that Black and Eddie seemed to be somewhat more favorable. He then suggested for CRAVATH to meet Veeder that they might further talk over this matter. He also said that he felt that I had been exaggerating the seriousness of the situation and that everything would work out satisfactorily.

That afternoon being the afternoon of Tuesday Nov. 24, 1914, Cravath met Veeder and impressed upon Veeder the seriousness of the situation. He also explained the general status of the company, and that something must be done. Veeder seemed to be perfectly satisfied to recommend to his people not only that Black could take over this stock properly and legally but that even the Swift individually might take over the stock themselves, and that he would so recommend if they should further ask him. However previous to this meeting, Cravath stated that he had had a meeting with Sanford and Meeker at which meeting evidently Sanford and Meeker had asked him to hold the matter open and had shown indications that they might be interested. Cravath was rather hesitant in giving us this information but afterward did admit to it but not until we had spoken to him. Cravath had evidently spent a good deal of time with Sanford and Meeker and he had evidently had this meeting at their suggestion, he having informed Meeker and Sanford of the current negotiations. Evidently they had now felt that matters were going so that if they wanted to become interested they would have to act, feeling that H would close.

The day before during the meeting with Sanford, at which time Cravath explained the status of the H negotiations, Sanford had suggested that the thing should not be given to H and that they should be made to pay a good fair price for it. I suggested going to meet the Bankers in New York and trying to develop a proposition whereby they would interest themselves, but Cravath suggested that this matter be held in abeyance until my meeting of Tuesday, also again cautioning me not to take any action as to that meeting in closing this matter. I explained to him that would not take any action unless they made a considerably fair proposition and unless they satisfied us in the matter of price and general condition.

Brunner claimed that he was ready to do anything he could to help in the matter and again previous to his going suggested that he would be ready to participate.

Brunner and Cravath left together on the 5:30 on Tuesday, and the matter was left in this shape. Since then I have telegraphed over the private wire to Garrick to Cravath telling him that I felt that I should inform him that if the matter were suitably put to us on Tuesday I would feel inclined that it would be to the interest to close at that time. I have had no word from Cravath since then.

TUESDAY, DECEMBER 1, 1914.

Telephoned to Black and not being to reach him, I telephoned for L. F. Louis said that Black and Eddie were very busy in the morning and that he and Black had a meeting in the afternoon with the Mayor in reference to the Stock Yards Water question. He said however that they could arrange for a meeting in the afternoon at one-thirty but that he would have to leave for Downtown at two. In answer to his question if it would enough time, I said I did not think so, so he suggested making for tomorrow morning at ten-thirty, which I said was agreeable to me.

In answer to a wire that I had sent Rapp stating that I thought it would be necessary to close the matter and that I might not even have time to communicate with him he advised strongly not closing without first taking up with him and suggested that Sanford might possibly become interested. He had received a wire from A. M. stating that they had talked the matter over further, and would like to discuss the matter over with him questioning when he would be in Chicago next. Rapp answered this stating that he did not know when he would be in Chicago again but he would report to them after the meeting which after having heard from me and that in the meantime they could communicate with me if they so desired. Rapp was very insistent that not committance should be made without first taking up with him. I repeated to Rapp that I did not think there would be time to communicate with him but he was very insistent that nothing should be done without first communicating with him, stating again that he thought the other people meaning Sanford were the best people to deal with and that there was a certain risk dealing with the H People.

Max also spoke to him on the telephone today, and he said that he was leaving on the century tomorrow. He also stated that nothing should be done. In answer to the question as to the postponement of the New York meeting he said that this was of no consequence; he also said that he had had no news or word from Sanford and in fact that he had not been expecting to hear anything from him.

MEETING 1. DEC. 2, 1914, AT H'S OFFICE.

There were present L. H. Ed. H. and Black.

Louis explained that Rapp had talked to Veeder and that they had found no proper way of proceeding. I explained that I must have evidently misunderstood Rapp as he had told me that they had decided that the thing could legally be done, and taken over by Black, and also that H individually could acquire the property. Louis however explained that no matter what would be done the people would always understand that any property which Black would acquire would in fact represent H interests, and no matter what might be said to the contrary the impression would always be that H actually was controlling. This might very well lead to a government investigation and as they did not wish to run this risk they did not see how they could proceed. I said that as long as they talked this way there was no use of further of talking on the subject,

but that of course I was greatly disappointed. Louis then engaged in some general advices to the effect of the business being curtailed, and that economies should be made, also that those departments showing poor profits should be cut out, and only those showing good profits should be continued, and that the entire business should be run on a very moderate scale. I said that I welcomed all of these advices but that the situation at the moment was very precarious, and that there were more generalities to be considered, for instance, we had just postponed and adjourned our meeting to pass on the dividends, as we did not know just what action to take on this matter. They all stated that this was a mistake and that the dividends should be declared. That by not declaring the dividends the company would be irreparably damaged, that we had to declare the dividends, but that it was a matter for us to decide on and one which no one could rightfully question. I stated that if anything should happen we would rather have it happen now, and then not later have other people question as to our right in approving and declaring these dividends. Louis stated that by not declaring the dividends we would not save anything as this would accrue and be payable at some future time, and therefore we were not gaining anything for the Co. I explained that we were not trying to gain anything for anyone, that we were as desirous as any others to see this dividend paid, but that we felt this question of right to pay it or not. If they had gone ahead as before there would not have been any question as the prospect of the company would have justified the payment and declaring of this dividend. I explained that I had been away a good deal and that suddenly the responsibility and the unorganized condition of the business was thrust upon me, this together with the critical situation of finance and general conditions, the debentures coming due and a poor showing were conditions which I doubted very much whether I would be able to overcome successfully. Eddie then suggested that I find some one and that they would perhaps give some names of people who might step into the company and act as treasurer of same. In answer to this suggestion Louis mentioned the name of Abbott of the Continental Bank who he thought might be suitable. I explained that I did not think this party of sufficient strength or weight in which Black and Eddie seemed to concur. Black stated that he knew of some party but did not mention the name, and asked me to call him tomorrow morning at 11 o'clock and he would talk to me in reference to this. They all seemed to feel that if we had a party who had a good standing with the Banks and who was well known, that that would be a great strength and help to the Companies. That having the proper party and one who was known to the Banks which would mean to them that everything was O. K. or the party would not have stepped in as Treasurer. They suggested that it might be necessary to pay such a party 25, 30 or 40 dollars per annum, which they thought would be justified. I stated that Rapp would be here in the morning. I explained to Louis that our beef business had not been showing well and asked him if there was anything wrong with it. He said that he had also some complaints in his own business, on the same matter. Eddie explained that having an outside name come into the business would lend a great deal of strength to it, and compared this case with the case of Libbey where Black had stepped in as treasurer, also compared the case to the Rowan situation where Carton had stepped in as treasurer and was a great help and aid to their perverse situation. H suggested that this treasurer should also have an assistant treasurer whose position would be comparatively unimportant and should be paid 2 or 3 hundred dollars monthly, or so. They stated that the situation was not as serious as I had pictured it and that there was no doubt that everything could be pulled through satisfactorily and without any disturbance. Black said he was going to N. Y. tomorrow on the 12:40. I made the suggestion of going to Bankers

and trying to get some sort of reorganization. They all said that there would be no use in this to their minds as I could not expect to get together a group of bankers who would understand the packing business and who would be afraid to act jointly not having sufficient confidence in each other, or a sufficient knowledge of the business. Louis suggested perhaps quoting up a plant like Oklahoma if this were a poor showing plant. I did not answer this suggestion.

I telephoned Rapp and gave him the subject of the talk, he said appointing a treasurer here would be no good in this situation. But that he would be here in the morning and would meet us at the Blackstone.

At the above meeting I also explained that Brunner had expressed willingness to participate in anything that might be done, either with the Bankers or in any other combination, and would take his share. Suggested letting some interest go to him in anything that might be done, and let him interest himself in the company if I thought it suitable. I explained that this had not been the purpose, but that he was to go in just as one of a group of Bankers who would undertake to look after and create a new of the company.

MEETING AT RAPP'S HOUSE SUNDAY DEC. 6, 1914, AT 5:30 AT WHICH WAS PRESENT ALSO MAX.

I explained new results of my interview with Black. Rapp informed me that the result of this talk was William which in substance was that Rapp was to go to Washington to submit the question Gregory Attorney General, but that before going he was to be notified by Williams on Tuesday to go. It was agreed that I should have my meeting on Tuesday as arranged for by Black and would notify him immediately thereafter.

The following is a list of names given to Rapp by Louis and Ed. as possible candidates for the position in mind.

Morton (vice pres. 1st National Bank, N. Y.)
Popper (vice pres. Guar. Trust Co., N. Y.)
Wiggin (vice pres. Merchants Bank, Boston) Baltimore Banker.
Fisk (Wm. A. Reed & Co.)

I also explained to Rapp that Black had said that he thought it would be a mistake to approach any Bankers as these would not understand the situation and would be frightened on account of the large bills payable and other obligations which would frighten anyone other than one who understood the packing business and knew this to be the general condition of that business. Rapp seemed very confident that something might be done with Sanford and stated that they had expressed their readiness to go ahead dependent on the assurance he would obtain from Washington. I left Rapp's house with the understanding that I would communicate immediately after Tuesday's meeting and that he would be prepared to go to Washington Tuesday night. However first expecting to hear from Williams to go ahead Tuesday.

MONDAY DEC. 7, 1914. ON BOARD THE CENTURY.

I had another talk with Black. I asked him in reference to his own financial condition, and connections. He told me the following, that he had no business in any packing business, but also no interest in the Independent, or Western or Phelzer, but that he handled the banking for these people and had for some time past. That he was interested however in the Schulz Baking Co., also that he some common stock of the St. Louis Stock Yards Co., also that he owned about $200,000 of the St. Paul Bond, also that he was the owner of Merril Cox, in which he had about $700,000, and which was making very earnings, and showing, also that he was the owner of the Hygienia Ice Co. Also that, of course, he was the majority owner of the stock of the Fort Deaborn Bank. He also showed me a large paper containing many names, which he said were

the names of all the Companies, and their earnings, in which he was interested and for the last years period all of these companies showed earnings of $2,300,000. He explained that if he went ahead with our proposition he would sever his connections with Libbey, also with the Swift estate. He explained that acting as Trustee under the Swift Estate that the trustees had been able to step over value of that estate since the death of G. F. He again expressed his utmost faith in the proposition and that he thought he would be able to make 2 or 3 millions dollars for himself in a short time out of it. I saw him again for a few minutes on the following morning I said to him that I had not before mentioned what I had not said for fear of being misunderstood and that this might have been interpreted as a drift, but that now I felt that I could tell him this confidentially. I told him that the others in N. Y. had felt for some time that H had been planning to ruin the business, that this idea had been given them originally by F. S. which originated when they first acquired Joseph and Weil stock. That after the trade was made by which they got preferred stock instead of this, that F. S. had told them that now they would try to get control of the entire Co. for nothing, and he also advised them that if there was ever any trouble with H they should engage Whipple in Boston, a lawyer whom very much. T told Black that they had engaged this lawyer and had also worked with other N. Y. Attorneys, and had made up their minds that they would punish H for his wrecking of the Co., that however I had made them desist from any action, telling them that I could arrange the matter in a way that would take care of the company's affairs without any damage to the Co. I asked Black not to repeat this as it was told him confidentially, that I had not wanted to speak of it sooner for fear of being misunderstood. T told Black that they had received ideas from F. S., and that they wanted to go ahead and bring a general action, to show that H had wrecked the business, that H had engaged in all sorts of financial dealings with banks under his control and all of his auxiliary companies had been given privileges which banks outside would not have offered. Black said simply, "I am glad you told me." At this time we arrived at Englewood and I saw no more of him. Later in the morning he telephoned me saying that he as well as Louis, and Ed. were so busy that they could not well arrange the meeting today, but that they would meet me tomorrow morning at 10:30. Black also explained in answer to my question that when they first took ahold of the National, the first year they showed $100,000 profit, and the year after, $700,000. He stated that the best plant they had was the Omahaha in Chicago. In my conversation with him over the telephone I asked him not to repeat what I had said in reference to the others in N. Y., to Louis or Ed, but he told me that he had already, as he felt that he should tell them. I did not try to dissuade him. I left for New York Friday Dec. 4, expecting Rapp to come over on the same train, but he thought it best at the last moment to postpone his leaving as it was necessary for him to remain over on account of some matters at Laporte. On Dec. 5, I called on Black at the Waldorf. He repeated in general what he had said before mainly that he and Ed. were interested but that Louis was opposed. After a short interview, I made an appointment to see him the following day, Sunday at three o'clock at his Hotel. The meeting was a long one during which Black expressed himself very freely. I told him that Louis had raised the objection of all the stockholders objecting probably, and raising questions on account of each individually being interested in a competing company. Black said that there was nothing to this, as at the present moment each individually were the owners the company. Norse, Sqquair Starry, Barm also Springfield Provision Co. In answer to my question he also advised me that individually all the S&S preferred. He said that there had never been any complaint or question in refer-

ence to those individually interest, and therefore he could not see how in the present there could be any question. He said that in this way it was awfully difficult to deal with Louis, but that he himself would be ready to go ahead if Eddie continued to agree with him. I told him that in reference to their suggestion of naming a man who would come into the Co. that we also think it would be of no value at this time, that what was actually needed was particularly strong help, also that putting in a man connected without showing interest of bankers might create as much harmful suspicion and uneasiness as it would do any possible good. He said that he agreed with me on this and suggested to Louis that it was out of all question to proceed with this at this time. He insinuated that it would be best at this time to explain to Louis the prospect of something being done prospecting their interests, besides the general situation, and that I should urge strongly that no temporizing methods could be adopted at such times. I asked him about the two thirds interest that they demanded and he said he thought this could be arranged, as I said I did not think we should have to give this much up to them. I told him that Rapp wanted to go ahead with the Bankers in New York, and he suggested my holding off until Tuesday, when he would first talk with Eddie and Louis and later that they call a meeting for us. I suggested to him also that Rapp had stated namely that if could get Black away from H interests he could get other bankers to take ahold of this situation, and whether Black would consider separating himself. I stated that Rapp had suggested that to Louis and Ed. who had not given any definite answer. Black said that he thought this impossible, that he had been associated with Eddie and Louis for thirty [years], and would not now want to have any break with them. I said that I did not see how any break could possibly occur, that he could in fact command their friendship. He rather assented to this, but said that he did not wish to go that far. He explained that the situation was not as critical as I had imagined that it was a difficult position but that it could be easily and successfully met. He also stated that Louis and Eddie both sincerely had this same feeling. I made reference to the remark that had been made to Rapp in answer to what he had meant by nominal value the figure that Louis had given as from one to five dollars was out of all question and if any such figure were used it would mean that the minority would not want to participate and therefore would necessitated a larger participation on the part of M. J. and myself, which would be entirely undesirable to myself, as it was my idea to keep all of my present holdings in the new company. I suggested that nothing less than 10 dollars would be reasonable. Black said that as to a matter of price he had his own ideas and when it came to his part of the trading he thought that he could satisfy us. Black said at if he would go into proposition he would not need any bankers. He said that he thought that he could make himself very valuable in a very short space, and that the business should make 2 and one half annually. Black also intimated that he had a recent talk, perhaps over the phone by which he thought Louis had shown a renewed and further interest in the proposition. He also thought that Louis would soon come around to his way of looking at the matter and be favorable. He asked me of course not to mention to anyone of his coaching as to what to say to Louis. He explained in answer to my question that Louis and Ed. were brought up in the stock yards and were unable to properly converse or properly treat with anyone, but that they both meant well. The meeting terminated with the understanding that we would meet on the Century again the following day.

MEETING HELD TUESDAY DEC. 8, 1914, AT SANFORD'S OFFICE, AT WHICH WERE PRESENT WILLIAMS AND MYSELF.

In answer to Williams telephone conversation and request of the morning I met him at his Yards office at 2:30. He referred to his previous talks with Rapp and stated that Rapp as a lawyer had not been able to inform him in reference to certain questions. He stated that they had not decided yet whether or not they would proceed, but that they would like certain information. He asked about the Los Angeles Co., showing, and I told him that it was showing O. K., also about the Oklahoma Co. which I told him also was showing satisfactorily. He asked about N. Y. showings and said that he heard that we were not seeling our beef as well as others, and that he was getting this information, not from his own people but from others. I told him that last year's showing made a profit of about $300,000, which he said he did not think was in line with their other showings, and that he thought that our showings should have been $400,000. He asked particularly about the F. A. C. and I explained to him the nature of the lease. He raised the question, if it would not be better at the termination of the lease providing that we got together with him to give up our lease and kill at his plant, paying him a certain royalty for the privilege.

MEETING WITH FISH AT 998 FIFTH AVE., NEW YORK AT 8:30 P. M. DEC. 15, 1914.

I explained in further detail the negotiations which had been carried on between myself and H and also Sanford. I explained that nothing had resulted as in the case of Sanford, he raised the question as to the government attitude and wanted Rapp to go to Washington to get the O. K. of Gregory. But in the meantime Sanford had become sick, and had come to Lakewood. With regard to H they had felt that there might be some objection on the part of their many stockholders to their having an indvidual interest which was more or less competitive.

I then suggested the idea of getting together a group of people, who would subscribe to a possible ten million dollars, which if in their judgment they would put into the company if necessary at the time of the debentures coming due, and that they would also buy a part of the common stock which they could get reasonably. He stated that he did not think this practicable and that he would not join into it. I told him that Brunner was ready to go ahead on that basis, and to participate in such a pool. He stated that of course where Brunner might be interested on account of his having put out the preferred and also the last half of the debentures that Fish himself did not have any such motives. That the only suggestion he would have to make would be to accumulate 8 or 9 million dollars from the banks starting at once and in this way to be ready in case there should be any call after the issuance of the statement. I explained to Fish the result of Max's talk with Jacob, and that Jacob agreed that no financing could be done now, but on the other hand, he thought that the preferred dividends should be continued, this being contrary to what Fish had previously advised. I told Fish about H suggestion as to getting Graham or Wiggins and he seemed to feel that this was a good idea. He favored Wiggins on account of his coming from Boston, although he did not know either of the men, but promised to get information for me concerning them.

I also mentioned my talk with Eldrich of the National City. Fish said that this was an excellent man. I explained that the man had not accepted the proposition. Fish asked whether anything had been said to Sullivan, as he presumed that Solomon could be of little help, I told him that probably Brunner would explain this matter to him. Fish said that it was the proper and logical thing for Brunner to step in and offer to protect us that he himself had done a similar thing with Sterns, whose three millions of preferred stock he

had issued, and had given these people three millions of his own money, in order to allow them to move from 23rd to 42nd Street. Fish stated that he thought the only solution was to do anything possible to get H or Sanford to make the deal. He also stated that he thought the business was over capitalized, as it owed about thirty total, and had in capital assets about eighteen. He questioned regarding the comparison of this and last year's figures, stating that he could not understand the increase of notes and bills payable. He asked if there had a different method of booking of this against last year. In answer to his question as to whether this money had been spent in new construction I said no, and nothing like this had been spent for new construction during the year. He stated that he surmised there was a difference in the method of book keeping and that probably last year these auxiliary companies, had been able to borrow money from the outside, which they had not been able to do this year on account of the general financial conditions, resulting therefor that the parent co. had to borrow additional monies itself which money it in turn gave to the auxiliaries, which would account for the increase in the Bills Receivable from subsid. amounting to about 2, and one half millions as well as Bills payable, by the Parent Co. I made no answer to this.

MEETING HELD DEC. 16, 1914, AT THE CHASE NATIONAL BANK, WITH A. H. WIGGINS.

I explained that we were looking about for some one to look after the general financial matters of the Co. and that since my father's retirement from active service there was no one who had been looking after these matters and that they had been more or less looking after themselves. I said that the name of this cousin Mr. Wiggin of Boston had been mentioned as a stuitable candidate for this position, and I asked him as to how he would consider him for this work. He stated that undoubtedly this man would be found a good man but that he thought by reason of his other connections and interests that he possibly would not want to sever these other connections, as well as his having been only two years now Vice Pres. of the Merchants, at Boston, having previously separate himself from the Sugar Co., that he probably would not want to make a change. However he did not wish to speak for him. He suggested the name of P. L. Farrell, now of the Essex County Bank of Newark, N. J. He stated that this party had formerly been with the Irving National, and had left this bank by reason of their consolidation with the American Exchange. I stated that this was a very important position and that the proper man could save us a great deal of money in this capacity. I told him that I would be glad to have him think it over and possibly he would have some other suggestion to make. In the meantime I might possibly communicate with his cousin in Boston. I have today received a letter from him in which he recommends Mr. Harold W. Stevens, Pres. of the Hartford National Bank, Hartford, Conn. The letter further states that he has some reason to think that the position might be of interest to this party in the meantime I have telephoned to Ingraham at Boston and have him see Mr. Wiggins of the Merchants at Boston, and have arranged to meet this party tomorrow, who will come to New York, to discuss this matter. From what Ingraham has said this party is very much interested in the position, as evidenced by his coming to N. Y. tomorrow.

MEETING WITH FORGAN AND OTTE, APRIL 22, 1915.

I also went to Forgan, and Otte, of the National City Bank, and explained the situation to them. Otte said that he had understood from Hopkins, that the affair was already settled in the East, but I explained that matters were still open pending terms. Forgan asked why I did not come to the Western Bankers, for this, and said that Boissot of the First Trust was the man for

me to see, that he thought his own bank would be interested in a small way. I told him that I had tried to see Forgan's brother, but he was out of town. Forgan said that this did not matter as Boissot was the man to see anyway.

MEETING WITH VAN VECHTEN, APRIL 22, 1915.

I went to see Van Vechten of the Continental, and told him of the financing that we were negotiating in New York, at the present time. He suggested putting out a mortgage authorized for $20,000,000, and issue $15,000,000 of bonds, these to be at 5%, and a small sinking fund. Bonds to be convertible into preferred stock, and he thought the Bankers should take this at about 94. The $5,000,000 to be used only against new construction work. I explained that we were not contemplating any new construction work. He suggested trying the Western Bankers, and that his Bank would be interested. I told him, however, that I had already said that I would come East, and talk it over with the Eastern Bankers, but that I would talk to him again before finally closing.

MEETING WITH MOON AT BILTMORE HOTEL, JUNE 16, 1915, AT 11:45.

I stated that my reason for reaching him at this late day was that I had supposed that my return to Chicago was due any day, and that I did not want to write him. I said that he ought to know of these matters, as he was a large stockholder, and had known of all others plans of late, and I explained that I had tried to get him on the wire before, and that it was impossible. He wanted to know the terms of the proposition. I told him that there were two different plans, the first securing the renewal of the debentures, and the second after investigating the properties, and statements of the last three years carefully, was a larger plan of financing the business by $15,000,000. He asked at what terms the debentures were to be renewed, and I said at the same general terms as the present debentures. I told him the demands of the Bankers, that they wanted 25% of the common stock, for the first plan, and 33% if the other negotiations went through. He said he would offer $1,000,000, for the entire business, but I said that I would not submit. He then asked to see the property accounts, which I gave as follows:

Chicago	$4,800,000.
Kan. City	2,800,000.
New York	3,350,000.
Cars	1,800,000.
Okl	1,800,000.
Prop. Invest	9,000,000.

Total Property, about $21,000,000.

He asked me to name the Bankers, and I gave him the names of Salomon, Halgarten, and Schiff, and said there were others whose names were not to be given, and stated that the name of Schiff was strictly confidential as was in fact all that I was telling him. He said that he understood this.

I explained to him that matters were practically closed, and that the only thing we were waiting for, was that we had mentioned that as long as the names of only Salomon, and Halgarten, were to be given, we thought that some stronger bank should also be interested whose name we could use. I said that the Bankers agreed, and that now matters were being arranged between themselves. That I felt a moral obligation to them, and that I would not consider any other proposition, as everything was completed all but the signing. He said that even if he did want to take over the business, he would not know how to get around the law. I said that he could take it over in his name, and not under the name of Swift & Co. When I asked him why he talked of taking over all of the common instead a part, he said that they might want to do

some things that a minor stockholder would not allow, such as disposing of certain properties. To me this sounded as though he had the idea of taking the business over as an individual, and selling properties to Swift & Co., as he sighted the K. C. plant as an instance of a property which he might want to dispose of. I told him that the Bankers were giving us $5 per share, and taking only a small part of the stock, whereas he was only offering us that, for the whole, and that I would not consider submitting under $10 per share for the whole. He said he had not such offer to give. He said that he was glad that the Black deal did not go through, and I said I thought it would have been all right.

He asked if he might consult with Sanford on this matter, and I said he could not, as Sanford would discuss it with his men, and in some way it might get back to a Bank, and in that way get back to our Bankers, who if they thought we were making other plans, would drop the whole matter. I said that Sanford knew about the matter in a general way, as I told him why I was coming East.

He wanted to know if we would need the vote of the Preferred Stock Holders before mortgaging the properties for the second plan. I said that I did not think so, but asked him how he would vote if it did come up, and he did not know.

I told him that the Bankers expected making about $4,000,000, on this deal by putting the stock on the market, and had said that they would start it at about 50. I said that it would be good for Moon to have these present negotiations go through. He agreed to this and said that a Wall Street interest in the Packing Business would be a good thing for it.

I told him that I would rather see him get the business even at a difference, as I thought him the logical man for it.

He said that if I changed my mind on his proposal, I should take the train and come out to him, and that if he changed his plans he would let me know. He said that if he took over the business it would not mean our getting out of it, but I said there was no use of discussing this, now, that such a matter would not come into the deal anyway, and could be settled after.

MEMORANDUM OF TELEPHONE CONVERSATION WITH MR. PAUL D. CRAVATH DECEMBER 27, 1915, AT 1.30 P. M.

In which I agreed that the resignation must have his personal approval before it can be finally voted on by the Board. Mr. Cravath stated that this would be entirely satisfactory and that the resignation would not be acted on excepting after having had his personal consent and approval.

NEW YORK, *January 19, 1916.*

MEMORANDUM OF MEETING YESTERDAY AFTERNOON 2 P. M. AT MR. SCHIFF'S OFFICE AT WHICH WERE PRESENT MR. JULIUS ROSENWALD, MR. JACOB SCHIFF, AND MYSELF.

Arriving somewhat before Mr. Rosenwald, I explained to Mr. Schiff in general the existing situation. He brought out the fact that the Bankers claim they had not been aware of the conditions, but I explained that this was not the case, and that they had all statements. He also referred to my having offered the situation to Sanford and H., suggesting $5.00, and I explained that this had not been an offer, but a request of an offer from them. Furthermore, that this had been based on certain satisfactory arrangements regarding stock

yards interests, and that in addition this had not had the approval of either Max or the other voting Trustees.

Mr. Rosenwald later confirmed all of these statements, as well as the statement concerning the bankers having knowledge of the actual existing conditions.

Mr. Schiff first thought the bankers proposition, as I explained it, namely, our retaining 5½ and the bankers retaining 14½, with a price of $5.00, was fair, but later when I explained to him that the bankers claim one-third more than their original one-third, or in other words a total of about $9,000,000, leaving our share $11,000,000, which they then undertook to divide, leaving us only $5,500,000, and also they had arbitrarily withdrew the $2,500,000 (since there would be left $22,500,000) Mr. Schiff suggested that this division of the $11,000,000 might be instead of 50%, 60% to us.

Mr. Hanhour also joined us in the course of conversation making the statement that the other bankers claimed that the deal covering the debentures might not be binding on them, which statement he refused to discuss, claiming that he was not familiar with it, but simply repeating their assertion.

Also in answer to my request that in fairness to the Company the statement should be positively made by the bankers, as well as the Treasury whom they had selected, that the renewal of the debentures had been assured and secured by contract, Schiff and Hanhour expressed the opinion that this could not be said, since something might occur between now and the date of the debenture contract which might prevent the carrying out of the said contract. I explained that it was impossible for anything to occur which could prevent the carrying out of this contract, excepting a change of plans with our own consent.

I also explained that the statement not forthcoming from the bankers was injurious to the Company's credits, and that many banks were asking this particular question, and not receiving direct and satisfactory replies covering this point, they remained unsatisfied.

Mr. Hanhour stated that it was up to us to decide, and that it had been through his influence that the bankers had made as liberal a proposition as they had, their previous one having been one-quarter instead of one-half of the $11,000,000 to us, and that it now remained for us to say yes or no. I explained that we were of course anxious to make the proposition, but that on the terms suggested it would be impossible, and that we would rather take a chance of the deal falling through than to meet their terms.

Mr. Rosenwald gave Mr. Schiff at this meeting a memorandum which Mr. Cravath had drawn covering the situation.

Exhibit 2.

BIG FIVE LIVESTOCK-PURCHASE PERCENTAGES, BY WEEKS, AND YEAR TO DATE, 1916.[1]

CATTLE, SHEEP, AND HOGS FOR PRINCIPAL MARKETS COMBINED; CATTLE FOR INDIVIDUAL MARKETS.

CATTLE—PRINCIPAL MARKETS COMBINED, 1916.

Week ending—	Total purchases.	Percentages for week.					Percentages—year to date.				
		Swift.	Armour.	Morris.	Wilson.	Cudahy.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8	105,821	34.73	28.07	17.54	10.67	8.99	34.73	28.07	17.54	10.67	8.99
15	113,413	34.91	27.49	17.69	11.[illegible]	8.52	34.82	27.77	17.62	11.[illegible]	8.75
22	119,350	33.92	28.18	17.46	11.98	8.46	34.51	27.91	17.56	11.37	8.66
29	105,971	35.01	28.03	18.07	11.[illegible]	7.75	34.62	27.94	17.68	11.22	8.44
Feb. 5	88,931	34.37	27.08	18.04	10.67	9.84	34.57	27.80	17.74	11.23	8.67
12	108,108	36.20	27.64	18.00	8.62	9.34	34.85	27.80	17.79	10.78	8.78
19	87,491	34.83	27.17	18.24	10.67	9.09	34.85	27.73	17.84	10.76	8.82
26	91,858	35.01	27.17	18.16	10.95	8.71	34.87	27.66	17.88	10.78	8.81
Mar. 4	87,920	34.06	27.17	19.30	10.56	8.90	34.79	27.62	18.01	10.76	8.82
11	93,105	34.42	28.26	18.29	10.14	8.89	34.[illegible]	27.68	18.04	10.70	8.82
18	98,693	34.78	27.76	18.17	10.06	9.23	34.76	27.68	18.06	10.65	8.86
25	91,133	33.41	28.51	18.02	10.04	10.02	34.65	27.75	18.05	10.60	8.95
Apr. 1	90,833	34.70	25.54	18.41	11.45	9.90	34.66	27.59	18.07	10.67	9.01
8	62,006	34.56	27.61	17.68	11.84	8.31	34.65	27.59	18.07	10.[illegible]	8.97
15	85,829	33.90	26.41	18.33	10.77	10.59	34.60	27.52	18.09	10.72	9.07
22	91,531	33.67	26.93	17.39	11.30	10.71	34.55	27.48	18.05	10.76	9.16
29	85,249	32.41	27.72	17.68	11.02	11.17	34.43	27.50	18.03	10.77	9.27
May 6	79,330	33.33	26.20	17.19	11.52	11.76	34.[illegible]	27.44	17.99	10.81	9.[illegible]
13	83,625	34.57	26.43	18.03	11.60	9.37	34.39	27.39	17.99	10.84	9.39
20	90,837	33.21	27.00	17.85	11.78	10.16	[illegible].33	27.37	17.98	10.89	9.43
27	93,172	34.86	26.75	17.21	10.84	10.34	34.36	27.34	17.94	10.89	9.47
June 3	106,965	33.94	27.60	18.90	10.52	9.04	34.34	27.35	17.99	10.87	9.45
10	110,367	33.21	28.08	17.89	11.39	9.43	34.28	27.39	17.98	10.90	9.45
17	104,835	34.27	27.03	17.91	12.42	8.37	34.28	27.37	17.98	10.97	9.[illegible]
24	105,600	34.16	26.96	18.18	11.41	9.29	34.27	27.36	17.99	10.98	9.40
July 1	97,879	33.88	26.66	18.36	11.04	10.06	34.25	27.33	18.01	10.99	9.42
8	87,419	34.85	26.17	17.46	12.48	9.04	34.28	27.29	17.90	11.04	9.40
15	109,154	33.85	26.75	17.73	12.03	9.64	34.25	27.28	17.98	11.09	9.42
22	109,056	32.61	26.13	18.61	12.58	10.07	34.20	27.22	18.00	11.14	9.44
29	87,471	33.05	24.92	18.33	13.58	10.12	34.15	27.15	18.01	11.22	9.47
Aug. 5	103,855	32.60	26.86	17.90	12.04	10.60	34.10	27.14	18.01	11.25	9.50
12	118,695	33.02	25.58	18.18	13.02	10.20	34.06	27.08	18.01	11.32	9.53
19	121,217	34.00	27.28	16.95	11.23	10.54	34.05	27.09	17.98	11.31	9.57
26	133,695	34.04	26.34	17.60	11.49	10.44	34.06	27.06	17.96	11.32	9.60
Sept. 2	137,891	34.61	27.57	18.28	11.03	8.51	34.08	27.06	17.96	11.31	9.55
9	105,965	33.26	26.55	17.83	11.87	10.44	34.06	27.06	17.97	11.33	9.59
16	134,862	34.71	27.14	17.36	11.16	9.61	34.07	27.07	17.95	11.32	9.59
23	157,377	35.31	26.63	17.76	11.02	9.28	34.13	27.05	17.94	11.31	9.57
30	148,840	35.38	27.15	16.42	10.56	10.49	34.17	27.05	17.89	11.28	9.61
Oct. 7	152,090	34.61	27.12	17.38	11.12	9.77	34.18	27.06	17.87	11.28	9.61
14	166,837	36.10	26.37	17.15	9.91	10.47	34.26	27.03	17.84	11.22	9.65
21	166,013	35.04	27.03	17.95	10.04	9.94	34.29	27.04	17.83	11.18	9.66
28	175,132	35.41	27.49	17.37	9.87	9.86	34.32	27.05	17.83	11.13	9.67
Nov. 4	174,966	34.24	26.35	18.24	10.54	10.63	34.33	27.02	17.84	11.11	9.70
11	149,085	34.50	28.13	17.86	11.23	8.09	34.34	27.05	17.84	11.12	9.65
18	190,686	35.76	25.95	18.53	9.62	10.14	34.38	27.[illegible]	17.87	11.06	9.67
25	185,161	36.01	27.52	16.67	10.55	9.05	34.45	27.03	17.83	11.04	9.65
Dec. 2	145,189	33.77	28.71	18.13	9.69	9.70	[illegible].42	27.0[illegible]	17.84	11.01	9.65
9	152,005	35.59	27.89	17.62	10.74	8.16	34.46	27.10	17.83	11.00	[illegible]
16	167,840	35.69	26.48	18.76	9.67	9.18	34.50	27.08	17.86	10.96	9.60
23	146,013	37.36	25.76	17.74	10.06	9.09	34.57	[illegible].05	17.86	10.94	9.58
30	90,342	36.13	26.90	17.77	10.96	8.24	34.58	27.05	17.86	10.94	9.57

[1] Tables assembled by Commission from figures in tabular purchase percentage sheets from the files of Swift & Co.

Cattle, sheep, and hogs for principal markets combined; cattle for individual markets—Continued.

HOGS—PRINCIPAL MARKETS COMBINED, 1916.

Week ending—	Total purchases.	Percentages for week.					Percentages—year to date.				
		Swift.	Armour.	Morris.	Wilson.	Cudahy.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8...	638,713	37.09	32.44	13.45	7.02	10.00	37.09	32.44	13.45	7.02	10.00
15...	561,803	35.70	31.77	13.37	9.22	9.94	36.43	[illegible].13	13.41	8.06	9.97
22...	614,149	35.87	30.82	12.79	9.26	11.26	36.25	31.60	13.20	8.46	10.40
29...	574,929	34.58	33.04	13.71	7.65	11.02	35.84	32.01	13.33	8.27	10.55
Feb. 5...	476,920	37.16	29.83	14.03	8.13	10.85	36.07	31.65	13.44	8.24	10.60
12...	583,248	35.59	31.41	13.59	7.09	11.32	36.15	31.61	13.47	8.05	10.72
19...	487,376	36.69	31.45	12.95	8.63	10.28	36.20	31.59	13.41	8.13	10.67
26...	404,704	37.29	31.43	14.18	9.18	7.92	36.32	31.57	13.48	8.23	10.40
Mar 4...	358,419	37.36	31.66	13.17	9.07	8.74	[illegible]	31.56	13.45	8.29	10.29
11...	311,120	37.51	32.49	11.98	8.30	9.72	36.47	31.64	13.34	8.29	10.24
18...	387,581	38.05	33.25	13.79	6.20	8.61	36.44	31.76	13.39	8.29	10.12
25...	363,833	34.45	32.66	13.34	8.60	10.95	36.31	31.81	13.39	8.31	10.15
Apr 1...	313,577	35.63	[illegible].56	12.23	8.34	11.26	36.27	31.85	13.33	8.31	10.24
8...	265,211	38.05	31.56	13.12	8.35	10.91	36.27	31.84	13.32	8.31	10.26
15...	309,149	36.20	30.72	12.90	8.93	11.25	36.26	31.79	13.30	8.34	10.31
22...	347,169	34.70	30.47	14.31	9.48	11.04	36.19	31.72	13.35	8.39	10.35
29...	365,373	35.13	30.44	13.91	8.55	11.97	36.13	31.66	13.38	8.40	10.43
May 6...	380,022	36.74	30.14	13.78	8.89	10.45	36.16	31.58	13.40	8.42	10.43
13...	322,991	36.67	27.69	13.92	8.72	13.00	36.18	31.43	13.42	8.44	10.53
20...	308,592	35.61	31.96	13.70	8.32	10.42	36.15	31.45	[illegible]	8.44	10.53
27...	361,978	35.45	31.55	13.70	8.77	10.53	36.13	31.46	13.44	8.45	10.52
June 3...	381,398	35.30	30.90	14.57	7.94	11.29	36.09	31.[illegible]	13.49	8.43	10.56
10...	380,651	34.36	30.18	13.36	8.40	13.70	36.02	31.38	[illegible]	8.43	10.68
17...	350,928	35.27	32.16	12.22	7.53	12.82	36.00	31.41	[illegible]	8.39	10.76
24...	402,983	35.79	32.55	13.53	7.73	10.40	35.99	31.46	[illegible]	8.37	10.74
July 1...	335,228	35.72	30.95	12.59	8.06	12.68	35.98	31.44	[illegible]	8.36	10.80
8...	292,123	36.22	31.73	12.36	7.55	12.14	36.00	31.46	13.41	8.35	10.78
15...	363,200	36.11	32.28	13.47	7.46	10.68	36.00	31.47	13.39	8.31	10.83
22...	285,813	36.19	30.18	13.63	8.03	11.77	36.00	31.45	13.43	8.31	10.81
29...	231,736	34.79	29.09	12.81	7.60	14.72	35.98	31.43	13.41	8.30	10.88
Aug 5...	287,711	34.12	31.55	15.45	7.34	11.54	35.93	31.43	13.46	8.28	10.90
12...	295,332	35.44	31.62	14.84	7.79	10.31	35.92	31.43	13.50	8.26	10.89
19...	257,151	35.60	31.82	13.64	8.52	10.42	35.92	31.44	13.50	8.27	10.87
26...	219,559	36.56	34.19	10.91	8.66	9.68	35.93	31.49	13.45	8.27	10.86
Sept 2...	288,255	34.97	32.21	14.33	9.62	8.87	35.91	31.51	13.47	8.30	10.81
9...	144,961	35.13	30.05	15.59	11.31	7.92	35.89	31.[illegible]	13.50	8.34	10.78
16...	237,462	35.11	30.25	13.38	9.22	12.04	35.88	31.47	13.50	8.35	10.80
23...	249,954	36.18	32.57	12.95	8.89	9.41	35.89	31.[illegible]	13.49	8.36	10.77
30...	318,326	35.44	33.74	12.82	8.23	9.77	35.88	31.54	13.47	8.36	10.75
Oct 7...	340,121	39.91	29.21	12.77	9.26	8.83	35.97	31.48	13.45	8.39	10.71
14...	203,862	38.55	32.[illegible]	12.63	8.71	7.76	36.03	31.50	13.44	8.38	10.65
21...	328,516	36.58	34.15	12.28	9.19	7.80	36.04	31.56	13.41	8.41	10.58
28...	446,884	37.23	32.08	13.40	9.16	8.13	36.07	31.58	13.41	8.43	10.51
Nov 4...	508,421	37.10	33.14	12.74	8.31	8.71	36.11	31.63	13.39	8.42	10.45
11...	393,465	35.75	33.45	13.01	7.91	9.88	36.10	31.67	13.38	8.42	10.43
18...	578,745	36.63	32.66	12.92	7.64	10.15	36.12	31.71	13.37	8.39	10.41
25...	613,227	34.88	31.33	13.97	8.81	11.01	36.07	31.69	13.39	8.40	10.45
Dec. 2...	525,373	35.06	30.85	13.36	8.66	12.05	36.04	31.67	13.38	8.41	10.50
9...	640,393	36.86	30.60	13.59	8.18	10.77	36.07	31.63	13.39	8.40	10.51
16...	588,771	35.25	29.16	14.53	8.57	12.49	36.06	31.[illegible]	13.43	8.40	10.57
23...	634,293	36.82	31.59	13.06	8.35	10.18	36.07	31.56	13.41	8.40	10.56
30...	339,618	34.53	33.00	9.28	10.91	12.28	36.04	31.67	13.33	8.44	10.62

***Cattle, sheep, and hogs for principal markets combined; cattle for individual markets*—Continued.**

SHEEP—PRINCIPAL MARKETS COMBINED, 1916.

Week ending—	Total purchases.	Percentages for week. Swift.	Armour.	Morris.	Wilson.	Cudahy.	Percentages—year to date. Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8...	176,062	39.15	29.13	12.73	9.36	9.63	39.15	29.13	12.73	9.36	9.63
15...	190,819	39.78	28.93	12.18	10.41	8.70	39.48	29.03	12.44	9.90	9.15
22...	196,076	40.83	29.16	11.26	9.37	9.38	39.95	29.07	12.03	9.72	9.23
29...	132,991	39.42	26.05	14.30	10.59	9.64	39.85	28.50	12.46	9.89	9.30
Feb. 5...	167,757	37.24	29.84	12.62	11.49	8.81	39.34	28.76	12.49	10.20	9.21
12...	155,684	37.31	28.28	12.83	12.75	8.83	[illegible].03	28.68	12.55	10.59	9.15
19...	160,371	39.95	29.90	12.38	8.53	9.24	39.16	28.95	12.62	10.31	9.16
26...	155,097	36.94	29.56	13.85	10.46	9.19	38.90	28.93	12.68	10.32	9.17
Mar. 4...	140,076	38.39	28.65	14.09	9.69	9.18	38.85	28.90	12.81	10.27	9.17
11...	168,311	37.85	32.17	12.34	9.86	7.78	38.75	29.24	12.76	10.22	9.03
18...	132,741	37.46	27.18	14.34	11.75	9.27	38.65	29.08	12.88	10.35	9.04
25...	[illegible]	38.46	29.21	12.95	10.09	9.29	38.64	29.10	12.88	10.32	9.06
Apr. 1...	122,162	37.86	26.33	14.12	10.25	11.44	38.59	28.93	12.96	10.32	9.20
8...	128,276	38.27	28.37	12.09	11.56	9.71	38.57	28.90	12.91	10.39	9.23
15...	155,128	40.23	28.66	11.97	8.55	10.59	38.68	28.88	12.85	10.27	9.32
22...	151,077	38.96	28.43	12.38	10.56	9.66	38.70	28.85	12.82	10.28	9.35
29...	128,512	36.92	27.30	12.25	11.83	11.61	38.61	28.78	12.79	10.36	9.46
May 6...	135,884	38.15	28.28	13.73	10.17	9.67	38.59	28.76	12.84	10.35	9.46
13...	136,729	39.02	27.37	12.68	11.15	9.48	38.61	28.69	12.84	10.39	9.47
20...	144,434	38.09	27.76	13.34	10.92	9.89	38.59	28.65	12.87	10.41	9.48
27...	158,428	40.15	27.16	11.89	11.35	9.45	38.66	28.57	12.82	10.46	9.49
June 3...	139,244	39.76	30.22	12.69	9.48	7.85	38.71	28.64	12.81	10.42	9.42
10...	149,483	36.70	28.33	11.58	11.11	12.28	38.62	28.63	12.76	10.45	9.54
17...	169,667	36.69	29.02	11.67	11.14	11.48	38.49	28.61	12.60	10.47	9.74
24...	170,567	40.04	26.67	10.99	10.94	11.46	38.55	28.52	12.62	10.50	9.81
July 1...	180,994	38.49	28.86	12.44	8.58	11.63	38.55	28.54	12.61	10.41	9.89
8...	146,927	39.49	25.83	11.72	11.11	11.85	38.59	28.44	12.58	10.43	9.96
15...	174,958	39.37	29.94	9.60	9.42	11.67	38.60	28.49	12.45	10.38	10.06
22...	144,779	38.04	27.37	11.92	9.51	13.16	38.58	28.45	12.43	10.36	10.16
29...	158,073	38.54	26.22	11.69	10.37	13.18	38.58	28.37	12.41	10.36	10.28
Aug. 5...	176,412	39.41	26.04	11.98	10.63	11.94	38.61	28.29	12.39	10.[illegible]	10.34
12...	196,522	37.83	27.13	12.18	9.21	13.65	38.58	28.24	12.38	10.32	10.48
19...	180,710	37.45	28.54	11.33	10.62	12.06	38.54	28.25	12.35	10.33	10.53
26...	195,421	41.83	28.10	11.17	8.40	10.50	38.66	28.25	12.30	10.26	10.53
Sept. 2...	185,373	37.82	25.80	12.99	9.14	14.25	38.63	28.17	12.33	10.22	10.66
9...	154,993	39.06	27.96	11.32	8.95	12.72	38.64	28.16	12.30	10.19	10.71
16...	234,500	41.33	29.27	11.36	9.24	8.80	38.75	28.21	12.26	10.15	10.63
23...	239,625	37.31	27.06	12.37	10.59	12.65	38.69	28.16	12.27	10.17	10.71
30...	224,946	38.97	27.83	13.43	8.27	11.60	38.69	28.17	12.31	10.10	10.73
Oct. 7...	200,414	40.46	24.54	11.70	10.96	12.35	38.75	28.06	12.29	10.12	10.78
14...	208,424	40.68	24.96	12.59	11.01	10.76	38.81	27.96	12.30	10.15	10.78
21...	217,051	39.42	26.74	11.72	10.13	11.99	38.83	27.92	12.28	10.16	10.81
28...	204,854	37.09	27.68	12.42	10.52	12.29	38.78	27.91	12.28	10.17	10.86
Nov. 4...	213,098	39.40	27.20	13.59	10.30	9.51	38.79	27.89	12.32	10.17	10.83
11...	176,704	38.85	27.49	11.70	11.70	12.26	38.73	27.88	12.32	10.21	10.86
18...	231,703	40.85	25.97	14.00	9.17	10.01	38.81	27.82	12.35	10.18	10.84
25...	184,236	39.29	29.09	12.28	9.53	9.81	38.82	[illegible]	12.35	10.16	10.81
Dec. 2...	164,460	37.41	29.39	12.71	10.81	9.68	[illegible]	27.88	12.36	10.18	10.79
9...	223,791	40.91	27.13	11.79	9.70	10.47	38.85	27.87	12.34	10.16	10.78
16...	215,709	40.42	25.98	12.09	9.36	12.15	38.89	27.82	12.34	10.13	10.82
23...	177,431	40.49	28.22	12.62	8.66	9.91	38.92	27.83	12.34	10.12	10.79
30...	142,312	39.50	27.88	11.06	9.99	11.57	38.93	27.83	12.32	10.11	10.81

Cattle, sheep, and hogs for principal markets combined; cattle for individual markets—Continued.

CATTLE—CHICAGO, 1916.

Week ending—		Total purchases.	Percentages for week.						Percentages—year to date.					
			Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan.	8..	37,508	−28	37.60	25.99	17.16	19.25	......	−28	[illegible]	25.99	17.16	19.25	......
	15..	43,018	−34	37.65	26.58	17.22	18.55	......	−31	37.63	26.31	17.18	18.88	......
	22.	46,348	−40	37.48	26.35	16.58	19.59	......	−34	37.57	26.32	16.97	19.14	......
	29.	41,497	−94	38.83	26.20	18.24	16.73	......	−49	37.88	26.29	17.28	18.55	......
Feb.	5..	29,390	−80	38.38	26.37	18.57	16.68	......	−55	37.96	26.31	17.47	18.26	......
	12..	41,726	−50	40.88	28.29	17.47	13.36	......	−54	38.47	26.65	17.47	17.41	......
	19..	30,519	−58	37.70	25.93	18.80	17.57	......	−55	38.38	26.56	17.63	17.43	......
	26..	35,094	−42	37.12	27.73	18.22	16.93	......	−53	38.24	26.70	17.69	17.37	......
Mar.	4..	32,318	−58	34.88	29.25	18.86	17.01	......	−54	37.91	26.95	17.80	17.34	......
	11..	31,373	−55	34.24	28.35	20.70	16.71	......	−54	37.61	27.06	18.04	17.29	......
	18..	28,407	−61	34.13	27.36	19.35	19.16	......	−54	37.38	27.06	18.14	17.42	......
	25..	29,157	−65	......	......	......	......	......	−55	37.17	27.07	18.27	17.49	......
Apr.	1..	30,635	−82	34.74	26.07	18.97	20.22	......	−56	37.01	27.00	18.31	17.68	......
	8..	20,360	−95	35.72	26.38	18.61	19.29	......	−58	36.95	26.98	18.32	17.75	......
	15.	29,024	−76	36.87	23.90	20.63	18.60	......	−59	36.94	26.80	18.46	17.80	......
	22	29,287	−84	38.48	22.88	18.93	19.71	......	−61	37.03	26.59	18.48	17.90	......
	29..	31,908	90	32.65	28.26	18.97	20.12	......	−62	36.78	26.68	18.51	[illegible]	......
May	6.	27,027	−70	36.16	25.24	18.85	19.75	......	−63	36.76	26.61	18.53	18.10	......
	13.	27,266	−46	34.81	24.48	19.22	21.49	......	62	36.67	26.52	18.56	18.25	......
	20.	29,013	−24	33.17	25.57	20.51	20.75	......	−60	36.51	26.46	18.66	18.36	......
	27.	28,902	−29	34.44	27.78	16.92	19.10	1.76	−59	36.43	26.53	18.57	18.39	0.06
June	3..	34,717	−30	34.42	26.01	19.25	18.55	1.77	−58	36.34	26.51	18.60	18.40	.15
	10..	31,372	−16	33.70	27.18	17.48	19.82	1.78	−57	[illegible]	26.54	18.55	18.46	.22
	17.	31,471	43	31.14	24.55	19.34	19.84	2.13	−56	36.14	26.46	18.59	18.51	.30
	24..	33,657	−90	35.18	23.90	18.75	20.53	1.64	−57	36.11	26.35	18.59	18.60	[illegible]
July	1.	25,808	−76	35.16	23.12	16.74	20.75	2.23	−58	36.07	26.25	18.60	18.67	.41
	8.	27,412	61	34.91	24.01	17.96	20.98	2.14	−58	36.04	26.18	18.58	18.74	.46
	15..	31,766	−60	36.65	24.10	18.27	19.34	1.64	−58	36.06	26.10	18.57	18.76	.51
	22..	31,991	68	34.73	25.94	19.72	18.44	1.17	−58	36.02	26.10	18.60	18.75	.53
	29.	21,690	−53	35.76	25.35	19.47	17.45	1.97	−58	36.02	26.06	18.62	18.72	.56
Aug.	5	31,050	12	35.15	20.27	18.51	18.71	1.36	−57	35.98	26.00	18.62	18.72	.59
	12.	29,571	−05	34.77	25.66	17.47	21.19	2.01	−56	35.92	26.07	18.59	18.80	.62
	19.	31,889	−13	36.63	22.65	18.77	20.22	1.73	−54	35.94	25.97	18.59	18.84	.66
	26	36,815	24	35.40	25.63	18.81	15.86	1.31	−53	35.92	25.95	18.60	18.84	.69
Sept.	2.	34,070	−06	40.36	27.28	21.22	19.38	1.76	−53	35.76	25.99	18.68	18.85	.72
	9	27,801	+17	36.13	25.04	19.12	19.42	.29	−50	35.77	25.96	18.69	18.87	.71
	16	37,705	−17	37.13	25.78	18.77	17.97	.30	−48	35.82	25.95	18.69	18.84	.70
	23.	43,177	−00	39.18	24.41	18.34	18.07	......	−47	35.94	25.91	18.66	18.81	.66
	30	37,031	22	37.48	26.83	18.52	17.01	.16	−47	35.98	25.93	18.67	18.76	.66
Oct.	7..	40,609	−07	39.24	26.00	16.84	17.47	.45	−45	36.08	25.93	18.62	18.72	.65
	14	44,510	−00	39.53	25.54	18.75	15.29	.89	−44	36.20	25.92	18.62	18.60	.66
	21..	42,747	−21	39.02	25.21	18.20	17.07	.50	44	36.29	25.90	18.61	18.55	.65
	28.	50,681	−20	39.22	26.57	17.82	15.20	1.19	−43	36.40	25.92	18.57	18.44	.67
Nov	4..	47,101	−11	39.00	24.91	16.87	18.14	.09	−42	36.48	25.89	18.52	18.43	.66
	11.	48,217	−07	37.32	27.08	17.10	17.44	1.06	−42	36.51	25.93	18.48	18.39	.69
	18.	55,077	34	40.20	23.99	19.09	16.03	.69	−41	36.64	25.86	18.50	18.31	.69
	25.	56,600	−30	36.26	23.97	19.68	19.23	.86	−41	36.63	25.79	18.54	18.34	.70
Dec.	2.	37,959	+04	38.49	28.93	14.87	16.69	1.02	−40	36.67	25.66	18.46	18.30	.71
	9..	48,415	+05	40.17	25.44	16.41	17.16	.82	−39	36.77	25.65	18.40	18.27	.71
	16	54,017	−22	39.51	24.91	19.80	14.80	.92	−39	36.86	25.62	18.44	18.17	.72
	23	46,544	−28	41.00	24.00	16.73	17.06	1.21	−39	36.95	25.76	18.40	18.14	.73
	30.	37,449	24	35.36	23.63	19.95	19.76	1.30	−38	36.98	25.73	18.43	18.17	.74

***Cattle, sheep, and hogs for principal markets combined; cattle for individual markets*—Continued.**

CATTLE—KANSAS CITY, 1916.

Week ending—	Total purchases.	Percentages for week. Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Percentages—year to date. Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8..	15,648	— 35	23.49	25.16	19.84	19.48	[redacted]	—35	23.49	25.16	19.84	19.48	12.08
15..	17,891	— 34	22.91	26.60	20.70	16.79	13.00	—34	23.16	25.98	20.30	[redacted]	12.54
22..	20,278	— 38	20.21	29.18	20.29	19.42	10.95	—38	22.06	27.13	20.30	18.56	11.96
29..	16,139	— 30	24.95	23.26	[redacted]	19.34	13.81	—52	22.72	26.24	19.92	18.74	12.38
Feb. 5..	16,229	— 90	25.86	21.95	19.56	18.65	14.08	—61	23.32	25.43	19.85	18.71	12.69
12..	16,284	— 54	26.34	20.81	20.79	16.42	15.64	—60	23.80	24.70	20.00	18.34	13.16
19..	15,580	— 52	24.60	24.94	19.63	17.61	13.32	—58	23.91	24.72	19.96	18.23	13.19
26..	14,644	— 41	[redacted]	23.27	19.98	20.35	14.60	—56	23.67	24.57	19.95	18.47	13.34
Mar. 4..	14,907	— 46	17.66	25.52	21.53	18.28	17.01	—56	23.06	24.66	20.11	18.45	13.73
11..	12,473	— 40	23.76	22.20	20.24	17.85	15.96	—54	23.12	24.47	20.12	18.40	13.89
[redacted]..	10,323	— 66	25.49	22.92	20.83	16.76	14.00	—55	23.36	24.31	20.20	18.23	13.90
25..	15,360	—110	20.11	25.29	18.50	15.10	20.90	—60	23.11	[redacted]	20.07	17.98	14.45
Apr. 1..	17,299	—115	23.97	[redacted]	21.26	15.61	19.34	—66	23.18	24.02	20.16	17.79	14.65
8..	11,733	— 98	20.35	21.86	20.61	19.71	17.57	—66	23.04	23.91	20.18	17.68	14.99
15..	14,622	— 61	24.67	20.62	21.14	17.08	16.49	—68	23.13	23.70	20.24	17.84	[redacted]
22..	18,135	— 69	22.35	22.34	18.88	15.95	20.48	—68	23.06	23.61	20.15	17.70	15.46
29..	14,279	— 93	19.51	20.26	19.53	18.48	21.92	—69	22.89	23.43	20.13	17.74	15.81
May 6..	15,164	— 71	18.35	20.50	21.20	17.46	22.49	—69	22.65	23.26	20.19	17.72	16.16
13..	14,109	— 30	22.22	21.09	21.20	17.50	17.99	—68	22.63	23.17	20.23	17.72	16.25
20..	15,420	+ 05	20.97	23.76	20.12	18.29	16.86	—64	22.55	23.20	20.23	17.75	16.27
27..	13,964	+ 22	22.95	21.33	21.34	17.73	16.65	—60	22.57	23.12	20.28	17.74	16.29
June 3..	17,261	+ 06	23.27	21.00	21.38	16.33	18.01	—57	22.60	23.02	20.33	17.67	16.38
10..	22,337	— 18	22.09	21.96	19.43	17.83	18.69	56	22.57	22.95	20.27	17.69	16.52
17..	20,204	— 48	23.28	20.47	14.70	19.22	20.33	—55	22.61	22.82	20.09	17.76	16.72
24..	20,217	— 40	21.04	21.60	18.18	17.71	21.47	—54	22.53	22.76	20.00	17.76	16.95
July 1..	19,579	— 48	22.06	23.68	16.66	17.70	20.00	—54	22.51	22.80	19.85	17.76	17.08
8..	17,010	— 40	24.81	22.85	15.34	17.38	19.62	—54	22.60	22.81	19.67	17.74	17.18
15..	19,995	— 36	14.18	22.56	19.91	19.25	24.10	—53	22.23	22.80	19.68	17.61	17.48
22..	23,718	— 58	18.56	21.52	18.70	19.77	21.46	—53	22.06	22.73	[redacted]	17.90	17.67
29..	18,778	— 39	20.32	24.25	15.73	18.12	21.58	—52	21.99	22.79	19.49	17.92	17.81
Aug. 5..	23,151	+ 03	18.56	26.59	16.94	14.57	23.34	—51	21.84	22.95	19.38	17.77	18.08
12..	28,723	+ 04	18.41	24.06	18.09	17.94	21.51	—49	21.67	23.01	19.31	17.78	18.23
19..	25,366	— 08	17.84	28.19	16.85	16.43	20.69	—48	21.50	23.24	19.21	17.72	18.33
26..	31,396	+ 03	21.13	24.59	18.71	15.35	20.22	—46	21.48	23.30	19.18	17.60	18.44
Sept. 2..	33,894	+ 18	24.08	24.65	18.72	18.56	13.99	—44	21.62	23.38	19.16	17.64	18.30
9..	28,454	+ 41	20.36	26.79	16.79	16.55	19.51	—42	21.57	23.51	19.06	17.60	18.28
16..	28,738	— 08	18.47	28.20	17.72	17.58	18.03	—41	21.44	23.70	19.01	17.60	18.26
23..	32,912	— 09	18.84	27.65	18.32	16.37	18.82	—39	21.33	23.87	18.98	17.55	18.27
30..	30,217	— 10	20.28	26.88	14.56	19.15	19.63	—39	21.28	23.97	18.81	17.62	18.32
Oct. 7..	32,775	— 06	24.36	24.97	18.06	17.01	15.60	—38	21.41	24.02	18.67	17.59	18.21
14..	35,190	— 10	22.52	27.87	13.35	16.28	19.98	—37	21.45	24.18	18.55	17.53	[redacted]
21..	34,646	— 35	20.51	26.01	18.73	18.24	16.51	—37	21.42	24.25	18.56	17.55	18.22
28..	31,849	— 36	21.49	28.41	15.45	18.02	16.63	—37	21.42	24.40	18.45	17.57	18.16
Nov. 4..	39,484	— 20	22.30	24.99	19.00	14.25	19.46	—37	21.46	24.42	18.47	17.43	18.22
11..	27,823	— 35	24.40	26.71	19.72	15.33	13.84	—37	21.54	24.49	18.61	17.37	18.09
18..	38,577	— 55	23.65	25.35	20.19	11.83	18.96	—37	21.62	24.52	18.67	17.16	18.13
25..	30,249	— 65	22.44	31.21	13.08	14.57	18.70	—38	21.66	24.71	18.41	17.09	18.14
Dec. 2..	28,663	— 46	19.06	26.62	23.13	12.07	19.12	—39	21.58	24.77	18.64	16.95	18.16
9..	24,056	— 30	20.68	28.82	20.31	16.92	13.27	—38	21.56	24.85	18.57	16.96	[redacted]
16..	27,705	— 21	23.09	21.01	21.83	14.51	19.56	—38	21.60	[redacted]	18.66	16.89	18.09
23..	23,884	— 40	25.98	23.59	21.18	14.48	14.82	—38	21.69	24.73	18.71	16.84	18.03
30..	11,977	— 46	25.32	23.76	19.14	14.75	17.08	—38	21.78	24.73	18.71	[redacted]	18.01

Cattle, sheep, and hogs for principal markets combined; cattle for individual markets—Continued.

CATTLE—SOUTH OMAHA, 1916.

Week ending—	Total purchases.	Percentages for week.						Percentages—year to date.					
		Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8..	16,566	−10	29.10	27.32	17.31	....	26.27	−10	29.10	27.32	17.31	....	26.27
15..	16,153	−25	28.44	29.45	17.12	....	24.99	−19	28.77	28.37	17.22	....	25.64
22..	17,837	−25	30.64	27.07	17.57	....	24.72	−21	29.43	27.91	17.35	....	25.31
29..	13,506	−78	29.29	32.64	15.94	....	22.13	−37	29.40	28.91	17.05	....	24.64
Feb. 5..	13,950	−74	26.22	28.60	18.33	....	26.85	−47	28.63	28.85	17.28	....	25.04
12..	16,833	−33	26.97	30.58	16.57	....	25.66	−45	28.50	29.16	17.15	....	25.19
19..	12,261	−38	27.28	28.75	20.42	....	23.56	−44	28.36	29.11	17.53	....	25.00
26..	14,115	−16	28.99	29.00	17.72	....	24.29	−41	28.44	29.10	17.54	....	24.92
Mar. 4..	14,270	−39	28.68	26.37	19.75	0.34	24.86	−40	28.46	28.81	17.78	0.04	24.91
11..	17,866	−36	30.10	30.13	17.70	.26	21.81	−40	28.65	28.97	17.77	.06	24.58
18..	17,835	−54	30.14	26.27	16.16	....	25.34	−41	28.81	28.89	17.60	.06	24.64
25..	13,359	−89	31.07	30.87	19.03	....	19.03	−47	28.97	29.04	17.71	.05	24.29
Apr. 1..	13,662	−85	31.58	25.26	17.94	....	25.22	−50	29.15	28.78	17.72	.05	24.26
8..	5,344	−94	30.47	32.21	15.26	....	22.06	−54	29.19	28.87	17.66	.04	24.25
15..	15,053	−50	28.12	26.90	18.47	....	26.51	[illegible]	29.11	28.78	17.73	.04	24.40
22..	14,913	−59	29.72	30.77	17.07	....	22.44	−54	29.16	28.86	17.67	.04	24.25
29..	14,378	−78	28.68	26.64	16.60	....	28.06	−55	29.13	28.73	17.61	.03	24.50
May 6..	11,431	−66	30.15	24.55	15.28	....	30.02	−56	29.17	28.66	17.51	.03	24.74
13..	12,706	−31	31.08	25.68	19.82	....	23.42	−55	29.26	[illegible]	17.62	.03	24.69
20..	15,314	−01	30.17	26.87	15.93	....	27.08	−52	29.31	[illegible]	17.58	.03	24.80
27..	15,964	+13	30.92	26.74	17.74	1.00	23.60	−48	29.39	28.25	17.54	.08	24.74
June 3..	16,621	+16	29.91	28.78	18.75	.45	22.11	−45	29.42	28.27	17.60	.10	24.61
10..	15,681	−24	32.48	28.40	17.19	....	[illegible]	−44	29.56	28.28	17.58	.10	24.49
17..	11,177	−19	30.62	31.74	16.64	....	21.00	−42	29.60	28.39	17.56	.09	24.37
24.	11,412	−53	26.10	30.77	13.76	....	[illegible]	−43	29.46	28.47	[illegible]	.09	24.53
July 1..	11,272	−83	29.08	23.06	15.33	....	32.53	−44	[illegible]	28.30	17.36	.09	24.76
8..	8,209	−68	25.34	29.85	11.22	....	33.59	−45	29.36	28.34	17.22	.08	24.96
15..	12,264	−53	28.29	27.99	15.98	....	27.74	−45	29.35	28.32	17.19	.08	25.06
22..	10,147	53	29.89	24.51	14.93	....	30.67	−45	29.36	28.23	17.13	.08	25.20
29..	7,239	−46	30.28	23.18	15.38	....	31.15	−44	29.35	28.14	17.10	.08	25.30
Aug. 5..	10,481	+01	20.96	27.65	16.87	....	25.53	−44	29.39	28.12	17.09	.08	25.33
12..	11,765	05	30.02	28.56	15.04	....	26.38	−44	29.41	28.14	17.04	.07	25.34
19..	15,359	−12	31.41	24.49	16.81	....	27.29	−43	29.48	28.01	17.03	.07	25.41
26..	15,414	−03	27.93	27.07	16.64	....	28.36	−42	29.43	27.96	17.01	.07	25.51
Sept. 2..	17,493	+20	32.24	28.55	18.17	....	21.04	−40	29.53	28.00	17.06	.07	25.34
9..	12,050	+55	26.85	32.53	17.09	....	23.53	−37	29.46	28.11	17.06	.07	25.30
16..	17,658	+19	31.63	29.25	16.68	....	22.24	−36	29.55	28.15	17.05	.06	25.19
23..	19,488	+04	30.59	27.99	16.71	....	24.71	−35	29.59	28.15	17.04	.06	25.17
30..	20,129	+05	30.04	27.68	14.14	....	28.14	−33	29.60	28.13	16.98	.06	25.28
Oct. 7..	18,773	+00	29.37	28.12	14.56	....	27.95	−33	29.59	28.13	16.85	.06	25.37
14..	20,911	−07	30.41	28.51	15.06	....	26.02	−32	29.62	28.14	16.79	.06	25.40
21..	22,262	−43	28.34	27.70	15.75	....	28.21	−32	29.57	28.13	16.75	.06	25.50
28..	24,502	−49	28.26	27.31	16.97	....	27.46	−33	29.53	28.09	16.78	.05	25.57
Nov. 4..	22,906	−29	28.71	26.58	18.06	....	26.65	−33	29.50	28.04	16.80	.05	25.61
11..	15,092	−20	23.95	29.06	17.29	....	29.70	−32	29.38	28.06	16.81	.05	25.70
18..	23,110	−12	27.08	25.59	18.07	....	29.26	−32	29.30	27.98	16.86	.04	25.83
25..	22,672	−58	31.80	24.71	16.57	....	26.92	−32	29.38	27.88	16.84	.04	25.86
Dec. 2..	19,261	−64	32.57	25.48	19.50	....	22.45	−33	29.46	27.82	16.91	.04	25.77
9..	19,508	−17	28.54	25.53	18.32	....	27.61	−32	29.43	27.76	16.96	.04	25.82
16..	19,803	−41	32.05	29.23	18.68	....	20.04	−33	29.50	27.79	17.00	.04	25.67
23..	17,430	−50	30.21	23.90	19.02	....	26.87	−33	29.52	27.71	17.04	.04	25.69
30..	11,332	−64	35.72	27.12	17.30	....	19.86	−34	29.61	27.70	17.04	.04	25.61

***Cattle, sheep, and hogs for principal markets combined; cattle for individual markets*—Continued.**

CATTLE—ST. LOUIS, 1916.

Week ending—	Total purchases.	Percentages for week.						Percentages—year to date.					
		Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8..	11,900	-27	36.56	31.86	31.58	......	......	-27	36.56	31.86	31.58	......	......
15..	11,898	-17	41.99	25.41	32.60	......	......	-22	39.27	28.63	32.10	......	......
22..	10,737	-32	38.81	30.48	30.71	......	......	-26	39.13	29.21	31.66	......	......
29..	10,324	-91	37.60	31.24	31.16	......	......	-42	38.78	29.67	31.55	......	......
Feb. 5..	8,224	-84	40.72	30.24	29.04	......	......	-51	39.08	29.76	31.16	......	......
12..	9,627	-66	35.28	29.71	35.01	......	......	-53	38.49	29.76	31.75	......	......
19..	8,098	-59	37.61	27.22	34.97	......	......	-53	38.41	29.46	32.13	......	......
26..	7,623	-48	43.94	24.58	31.48	......	......	-53	38.96	28.99	32.06	......	......
Mar. 4..	7,602	-52	41.50	26.60	31.90	......	......	-53	39.17	[illegible]	32.06	......	......
11..	9,225	-58	42.38	29.51	28.11	......	......	-53	39.48	28.85	31.67	......	......
18..	8,661	-75	40.31	30.92	28.77	......	......	-55	39.55	29.02	31.43	......	......
25..	7,330	-89	38.92	29.76	31.30	......	......	-58	39.51	29.07	31.42	......	......
Apr. 1..	6,808	-104	41.17	27.88	30.95	......	......	-61	39.61	29.00	31.39	......	......
8..	6,322	-94	42.27	28.14	29.64	......	......	-64	39.74	28.96	31.30	......	......
15..	6,806	-63	41.95	28.89	29.16	......	......	-63	39.83	28.96	31.21	......	......
22..	7,000	-77	41.08	30.38	28.64	......	......	-64	39.90	29.02	31.08	......	......
29..	6,891	-79	39.98	29.54	30.48	......	......	-65	39.89	29.05	31.06	......	......
May 6..	5,875	-63	40.43	32.53	27.04	......	......	-65	39.92	29.18	30.90	......	......
13..	6,666	-46	42.09	30.06	27.86	......	......	-64	40.01	29.22	30.77	......	......
20..	6,240	-27	41.63	27.48	30.89	......	......	-62	40.08	29.15	30.77	......	......
27..	8,092	-12	46.40	22.69	30.91	......	......	-60	40.37	28.85	30.78	......	......
June 3..	10,542	-22	42.70	23.66	33.64	......	......	-58	40.51	[illegible]	30.96	......	......
10..	13,222	-28	39.47	30.86	28.35	1.32	......	-57	40.44	28.70	30.77	0.09	......
17..	12,819	-17	40.60	29.38	27.49	2.63	......	-56	40.44	28.74	30.57	.25	......
24..	12,931	-54	39.19	31.30	29.30	.21	......	-54	40.37	28.89	30.49	.25	......
July 1..	13,183	-40	40.47	29.12	30.05	.36	......	-54	40.38	28.91	30.47	.24	......
8..	12,375	-21	43.68	26.91	28.83	.58	......	-51	40.54	28.81	30.38	.27	......
15..	13,721	-39	39.63	32.75	26.83	.79	......	-52	40.49	29.02	30.19	.30	......
22..	14,586	-32	34.91	32.48	31.68	.93	......	-51	40.20	29.20	30.27	.33	......
29..	10,196	-12	42.16	26.86	28.88	2.10	......	-49	40.27	29.12	30.22	.39	......
Aug. 5..	9,887	+18	37.46	32.37	30.17	......	......	-46	40.17	29.23	30.22	.38	......
12..	15,417	-14	40.70	28.85	29.22	1.23	......	-45	40.20	29.21	30.17	.42	......
19..	12,918	+17	34.72	37.82	27.14	.32	......	-43	39.98	29.55	30.05	.42	......
26..	14,912	+06	39.77	29.99	29.58	.66	......	-43	39.97	29.57	30.03	.43	......
Sept. 2..	17,581	+09	37.69	32.91	29.40	......	......	-39	39.86	29.74	30.00	.40	......
9..	13,615	+26	38.78	30.33	30.17	.72	......	-37	39.82	29.76	30.00	.42	......
16..	16,065	-44	42.20	26.40	30.33	1.07	......	-37	39.91	29.62	30.01	.46	......
23..	19,498	+11	40.68	28.18	30.78	.36	......	-36	39.95	29.55	30.06	.44	......
30..	19,431	-13	37.15	32.34	30.51	......	......	-35	39.83	29.68	30.08	.41	......
Oct. 7..	17,542	+06	38.12	33.59	28.29	......	......	-34	39.76	29.83	30.01	.40	......
14..	19,703	+03	44.29	24.09	31.62	......	......	-33	39.95	29.59	30.06	.38	......
21..	19,068	-17	34.96	32.24	32.23	.57	......	-32	39.75	29.69	30.16	.40	......
28..	19,636	-11	38.96	27.81	31.07	2.16	......	-31	39.72	29.62	30.20	.46	......
Nov. 4..	15,120	-21	39.61	28.38	30.69	1.32	......	-31	39.72	29.58	30.21	.49	......
11..	17,128	-28	41.01	29.50	27.66	1.83	......	-31	39.76	29.57	30.13	.54	......
18..	19,410	-33	41.96	26.50	29.96	1.58	......	-31	39.84	29.46	30.13	.57	......
25..	21,606	-46	38.64	30.11	30.43	.82	......	-31	39.79	29.49	30.14	.58	......
Dec. 2..	18,130	-16	41.73	31.24	26.24	.79	......	-31	39.85	29.54	30.02	.59	......
9..	17,578	-01	42.12	27.90	29.00	.98	......	-30	39.92	29.49	29.99	.60	......
16..	20,099	-37	42.78	26.94	28.24	2.04	......	-30	40.01	29.42	29.93	.64	......
23..	16,934	-28	43.11	29.52	25.27	2.10	......	-30	40.09	29.42	29.81	.68	......
30..	10,380	-33	43.71	29.46	26.83	......	......	-30	40.15	29.42	29.76	.67	......

Cattle, sheep, and hogs for principal markets combined; cattle for individual markets—Continued.

CATTLE—ST. JOSEPH, 1916.

Week ending—	Total purchases.	Percentages for week.						Percentages—year to date.					
		Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan. 8	4,972	−23	41.61	32.08	26.31	......	......	−23	41.61	32.08	26.31	......	......
15	4,190	−37	38.83	36.28	24.89	......	......	−31	40.34	34.00	25.66	......	......
22	4,742	−14	36.57	35.51	27.92	......	......	−24	39.06	34.52	26.43	......	......
29	5,484	−73	41.61	28.65	29.74	......	......	−36	39.78	32.95	27.37	......	......
Feb. 5	4,530	−76	42.78	28.70	28.52	......	......	−45	40.35	32.07	27.58	......	......
12	4,657	−33	38.78	31.44	29.78	......	......	−42	40.09	[illegible]	27.94	......	......
19	3,555	41	41.49	31.56	26.95	......	......	−42	40.25	31.92	27.83	......	......
26	4,461	−34	38.09	34.90	27.01	......	......	−41	39.99	32.28	27.73	......	......
Mar. 4	4,202	−46	41.34	31.20	27.46	......	......	−42	40.12	32.17	27.71	......	......
11	4,443	−39	41.12	33.74	25.14	......	......	−41	40.22	32.33	27.45	......	......
18	5,417	−49	38.73	31.95	29.32	......	......	−42	40.06	32.29	27.65	......	......
25	5,641	−81	39.23	34.16	26.61	......	......	−46	39.98	32.47	27.56	......	......
Apr. 1	4,637	−101	48.01	21.50	30.49	......	......	−51	40.59	31.64	27.77	......	......
8	3,373	−121	39.98	35.96	24.16	......	......	−58	40.56	31.87	27.58	......	......
15	3,896	−84	36.29	33.50	30.21	......	......	−61	40.31	31.96	27.73	......	......
22	4,965	−89	33.66	38.01	28.33	......	......	−62	39.86	32.37	27.77	......	......
29	4,097	−102	37.57	31.22	31.21	......	......	−64	39.74	32.31	27.95	......	......
May 6	3,473	−68	37.61	34.12	28.27	......	......	−65	39.65	32.39	27.96	......	......
13	4,302	30	37.31	37.91	24.78	......	......	−63	39.53	32.67	27.80	......	......
20	6,434	−00	43.38	33.17	23.45	......	......	−60	39.80	32.70	27.50	......	......
27	4,509	+24	42.25	32.69	25.06	......	......	−53	39.91	32.70	27.39	......	......
June 3	6,183	+30	38.22	32.91	28.87	......	......	−48	39.80	32.71	27.49	......	......
10	6,185	−34	40.82	32.79	26.39	......	......	−47	39.87	32.72	27.41	......	......
17	7,529	−40	39.59	35.65	24.76	......	......	−47	39.86	32.91	27.24	......	......
24	4,586	−81	37.59	30.53	31.88	......	......	49	39.76	32.82	27.42	......	......
July 1	5,470	−81	40.53	37.33	22.14	......	......	−50	39.80	33.01	27.19	......	......
8	4,395	−53	41.57	35.13	23.30	......	......	−50	39.86	33.08	27.06	......	......
15	5,704	−59	42.37	30.29	27.34	......	......	−50	39.96	32.97	27.07	......	......
22	4,797	−67	39.42	34.50	26.18	......	......	−51	39.94	33.02	27.04	......	......
29	3,592	−41	34.33	39.03	26.64	......	......	−51	39.80	33.17	27.03	......	......
Aug. 5	6,205	17	37.71	37.97	24.32	......	......	−50	39.72	33.37	26.91	......	......
12	7,164	−28	41.89	35.94	22.17	......	......	49	39.81	33.48	26.71	......	......
19	6,512	23	36.58	40.46	22.96	......	......	−48	39.69	33.76	26.55	......	......
26	6,561	−18	37.28	36.78	25.94	......	......	47	[illegible]	33.88	26.53	......	......
Sept. 2	6,647	+12	39.06	31.95	28.99	......	......	−44	39.57	33.81	26.62	......	......
9	5,041	+51	40.57	32.18	27.25	......	......	−41	39.58	33.74	26.63	......	......
16	6,570	−09	39.35	35.37	25.28	......	......	−40	39.59	33.81	26.60	......	......
23	8,048	−14	41.43	32.07	26.50	......	......	−40	39.67	33.74	26.59	......	......
30	7,412	19	44.44	29.03	26.12	0.41	......	39	39.84	33.57	26.57	0.02	......
Oct. 7	9,096	−11	38.88	30.81	30.31	......	......	−38	39.80	33.46	26.73	.01	......
14	9,508	−15	36.24	33.71	30.05	......	......	37	39.65	33.47	26.87	.01	......
21	9,043	−53	35.72	33.25	31.03	......	......	−38	39.49	33.46	27.04	.01	......
28	7,125	54	35.02	36.90	28.08	......	......	−38	39.36	33.56	27.07	.01	......
Nov. 4	7,427	−33	37.40	31.00	31.60	......	......	38	39.30	33.48	27.20	.02	......
11	6,322	−41	44.91	31.37	23.72	......	......	−38	39.44	33.43	27.12	.01	......
18	7,216	−48	38.60	30.37	31.03	......	......	−38	39.42	33.35	27.23	.01	......
25	8,202	−79	39.71	34.49	25.80	......	......	−39	39.43	33.38	27.18	.01	......
Dec. 2	4,450	−71	29.77	34.00	36.23	......	......	−40	39.27	33.39	27.33	.01	......
9	5,618	25	34.76	34.80	30.44	......	......	−40	39.18	33.42	27.39	.01	......
16	8,751	−53	37.10	31.29	28.61	......	......	−40	39.12	33.45	27.42	.01	......
23	7,521	−58	41.72	30.02	28.26	......	......	−40	39.16	33.38	27.44	.02	......
30	3,189	−74	37.38	34.56	28.06	......	......	−41	39.17	33.37	27.45	.01	......

Cattle, sheep, and hogs for principal markets combined; cattle for individual markets—Continued.

CATTLE—ST. PAUL, 1916.

Week ending—		Total purchases.	Percentages for week.						Percentages—year to date.					
			Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan.	8..	5,089	−36	90.26	8.02	1.72	......	......	−36	90.26	8.02	1.72	......	......
	15..	4,645	−38	96.08	3.34	......	0.58	......	−37	93.05	5.77	.90	0.28	......
	22..	4,346	−27	88.17	11.83	......	......	......	−33	91.54	7.65	.62	.19	......
	29..	3,771	−70	88.23	11.77	......	......	......	−43	90.84	8.52	.[illegible]	.15	......
Feb.	5..	3,259	−60	89.23	10.77	......	......	......	−47	90.59	8.67	.41	.13	......
	12..	4,022	−65	98.83	1.17	......	......	......	−50	91.91	7.64	.35	.10	......
	19..	4,083	−58	88.27	6.96	......	......	4.77	−51	91.40	7.54	.30	.09	0.67
	26..	3,729	−41	95.20	1.98	2.82	......	......	−50	91.84	6.91	.58	.08	.59
Mar.	4..	3,515	−22	97.13	2.87	......	......	......	−48	92.34	6.52	.53	.07	.54
	11..	4,171	−20	91.99	8.01	......	......	......	−44	92.31	6.67	.47	.07	.48
	18..	4,575	−25	95.56	4.44	......	......	......	−43	[illegible]	6.45	.43	.06	.43
	25..	3,785	−55	90.89	9.11	......	......	......	−44	92.50	6.65	.39	.06	.40
Apr.	1..	3,677	−56	94.53	5.47	......	......	......	−45	92.64	6.58	.36	.05	.37
	8..	2,970	−53	89.70	10.30	......	......	......	−45	92.48	6.77	.35	.05	.35
	15..	3,580	−35	89.39	10.61	......	......	......	−44	92.30	7.00	.32	.05	.33
	22..	3,260	−37	87.27	10.96	1.78	......	......	−44	92.04	7.21	.40	.04	.31
	29..	2,078	−46	97.79	2.21	......	......	......	−44	92.22	7.05	.31	.04	.30
May	6..	3,152	−38	95.02	4.98	......	......	......	−44	92.35	6.95	.37	.04	.29
	13..	2,609	−40	95.52	4.48	......	......	......	−44	92.47	6.86	.35	.04	.28
	20..	2,031	−24	97.34	2.66	......	......	......	−43	92.61	6.74	.34	.04	.27
	27..	2,624	−11	95.08	4.92	......	......	......	−42	92.69	6.68	.33	.04	.26
June	3..	2,559	−06	96.87	3.13	......	......	......	−41	92.83	6.56	.32	.04	.25
	10..	2,516	−16	91.14	6.04	......	.79	2.03	−40	92.78	6.54	.31	.06	.31
	17..	2,741	−37	95.48	3.06	......	1.46	......	−40	92.87	6.43	.30	.10	.30
	24..	3,898	−64	95.00	4.31	......	.69	......	−40	92.96	6.33	.29	.13	.29
July	1..	3,211	−99	94.92	5.08	......	......	......	−42	93.03	6.29	.28	.13	.27
	8..	2,332	−62	93.01	2.36	......	4.63	......	−43	92.81	6.17	.27	.48	.27
	15..	4,491	−58	87.73	4.50	......	7.77	......	−43	92.58	6.11	.26	.80	.25
	22..	5,138	−18	86.01	6.62	......	7.37	......	−42	92.25	6.12	.25	1.14	.24
	29..	4,235	−18	86.52	5.57	......	7.91	......	−42	92.02	6.10	.23	1.41	.24
Aug.	5..	4,262	−02	92.47	3.85	......	3.68	......	−40	92.04	6.01	.23	1.50	.22
	12..	5,784	−22	88.40	6.31	......	5.29	......	−40	91.86	6.03	.21	1.69	.21
	19..	7,227	−14	91.61	5.87	.37	2.15	......	−39	91.84	6.02	.22	1.72	.20
	26..	7,962	−32	86.77	6.92	......	6.31	......	−39	91.54	6.07	.21	2.00	.18
Sept.	2..	8,236	−12	88.98	6.75	.33	3.94	......	−38	91.33	6.11	.22	2.11	.18
	9..	5,842	+15	91.72	3.39	......	4.89	......	−36	91.39	6.01	.21	2.22	.17
	16..	7,027	−06	86.03	7.43	......	6.54	......	−35	91.15	6.07	.20	2.42	.16
	23..	9,278	−20	79.05	10.01	.29	10.65	......	−34	90.46	6.30	.20	2.89	.15
	30..	11,036	−25	81.08	10.98	......	7.94	......	−34	89.86	6.60	.19	3.21	.14
Oct.	7..	8,375	+01	76.00	13.62	......	10.38	......	−33	89.22	6.92	.18	3.54	.14
	14..	10,914	−02	79.43	10.15	......	5.40	5.02	−32	88.66	7.10	.17	3.65	.42
	21..	12,275	−29	82.37	10.40	2.05	3.73	1.45	−32	88.28	7.30	.29	3.65	.48
	28..	11,439	−09	76.80	13.05	7.55	2.60	......	−31	87.68	7.61	.67	3.60	.44
Nov.	4..	9,270	+00	80.36	14.56	1.26	3.82	......	−30	87.38	7.89	.69	3.61	.43
	11..	7,826	−27	70.36	16.99	4.47	8.18	......	−30	86.80	8.27	.82	3.70	.41
	18..	11,599	−24	75.62	14.16	2.90	7.23	......	−30	86.28	8.54	.92	3.86	.40
	25..	10,509	−27	83.24	9.93	2.63	4.20	......	−30	86.15	8.60	.99	3.88	.38
Dec.	2..	6,538	−13	70.82	19.38	3.90	5.90	......	−30	85.77	8.87	1.06	3.93	.37
	9..	6,623	+15	78.12	15.05	1.30	5.53	......	−28	85.59	9.02	1.07	3.97	.36
	16..	7,983	−21	83.82	11.16	......	5.02	......	−28	85.53	9.08	1.04	4.00	.35
	23..	6,717	−40	86.75	10.05	......	3.20	......	−29	85.55	9.11	1.02	3.98	.34
	[illegible]	2,946	−85	91.75	8.25	......	......	......	−29	85.62	9.10	1.01	3.94	.32

***Cattle, sheep, and hogs for principal markets combined; cattle for individual markets*—Continued.**

CATTLE—FORT WORTH, 1918.

Week ending—		Total purchases.	Percentages for week.						Percentages—year to date.					
			Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan.	8..	3,744	+02	49.38	50.62	......	......	......	+02	49.38	50.62	......	......	......
	15..	4,609	−21	48.41	50.21	......	1.38	......	−09	48.84	50.39	......	0.77	......
	22..	3,898	−22	49.74	50.26	......	......	......	−14	49.13	50.35	......	.52	......
	29..	3,851	63	51.05	48.95	......	......	......	−31	49.59	50.01	......	.40	......
Feb.	5..	3,402	−77	47.41	50.68	1.91	......	......	−41	49.21	50.13	0.33	.33	......
	12..	4,448	−58	49.82	50.18	......	......	......	−45	49.32	50.14	.27	.27	......
	19..	3,445	−43	47.75	49.84	.61	......	1.80	−45	49.13	50.10	.31	.23	0.23
	26..	3,467	−49	48.17	49.53	2.30	......	......	−45	49.02	50.04	.52	.21	.20
Mar.	4..	3,573	−47	47.64	45.98	6.38	......	......	−45	48.87	49.62	1.14	.19	.18
	11..	4,672	−34	44.74	46.26	2.56	5.46	.98	−44	48.38	49.21	1.32	.62	.27
	18..	5,530	−21	47.25	46.91	4.47	1.37	......	−42	48.24	48.93	1.70	.59	.24
	25..	6,092	−33	45.08	45.65	4.55	3.82	.90	−41	47.86	48.53	2.06	1.24	.32
Apr	1..	4,919	−57	46.66	47.12	5.21	1.01	......	−43	47.75	48.41	2.33	1.22	.29
	8..	3,870	−34	50.93	45.92	......	......	3.15	−42	47.96	48.25	2.18	1.14	.47
	15..	4,172	−22	47.91	51.56	......	.53	......	−40	47.96	48.46	2.03	1.10	.45
	22..	5,425	−14	45.18	44.68	2.83	3.69	3.62	−38	47.74	48.17	2.08	1.30	.71
	29..	5,372	−18	48.66	49.39	1.95	......	......	−37	47.81	48.28	2.07	1.20	.66
May	6..	4,216	−19	48.13	42.48	3.32	1.30	4.77	−36	47.82	47.95	2.14	1.21	.88
	13..	6,647	−19	47.83	47.85	3.16	1.16	......	−35	47.82	47.94	2.22	1.21	.81
	20..	7,055	−30	45.61	47.43	6.02	.94	......	−35	47.65	47.90	2.51	1.19	.73
	27..	7,689	−08	45.29	44.58	5.61	2.00	2.52	−33	47.47	47.64	2.75	1.25	.89
June	3..	10,798	+13	40.30	45.05	6.49	1.46	.70	−29	47.36	47.39	3.11	1.27	.87
	10..	9,474	−31	46.23	46.30	3.60	1.10	2.77	−29	47.26	47.31	3.15	1.26	1.02
	17..	8,598	−33	47.86	49.31	.04	......	1.89	−30	47.31	47.44	3.00	1.17	1.08
	24..	9,214	−22	46.13	49.40	4.42	......	......	−29	47.23	47.57	3.10	1.10	1.00
July	1..	9,870	−16	42.58	44.24	8.70	......	4.48	−29	46.92	47.35	3.47	1.02	1.24
	8..	7,262	−16	48.24	45.44	2.48	.37	3.47	−28	46.99	47.26	3.42	.99	1.34
	15..	10,375	+02	49.92	50.08	......	......	......	−27	47.17	47.44	3.20	.93	1.26
	22..	7,887	−32	48.55	48.21	3.24	......	......	−28	47.23	47.47	3.21	.89	1.20
	29..	7,053	−37	50.99	49.01	......	......	......	−28	47.38	47.53	3.09	.85	1.15
Aug	5..	6,451	−11	48.75	51.25	......	......	......	−27	47.43	47.66	2.98	.82	1.11
	12..	6,528	−19	50.57	49.43	......	......	......	−27	47.53	47.72	2.88	.80	1.07
	19..	8,369	−20	49.12	50.88	......	......	......	−26	47.60	47.85	2.76	.76	1.03
	26..	6,527	28	51.53	48.47	......	......	......	−26	47.72	47.87	2.67	.74	1.00
Sept.	2..	9,097	+02	49.50	50.50	......	......	......	−26	47.80	47.98	2.56	.70	.96
	9..	3,629	+05	50.23	49.77	......	......	......	−25	47.84	48.00	2.52	.70	.94
	16..	7,304	17	50.00	50.00	......	......	......	−25	47.89	48.07	2.44	.68	.92
	23..	9,430	−09	49.50	50.50	......	......	......	−24	47.97	48.17	2.34	.64	.88
	30..	8,010	+14	47.48	47.08	3.56	......	1.88	−23	47.95	48.13	2.38	.63	.91
Oct	7..	7,658	+20	47.90	49.04	......	......	3.06	−22	47.95	48.10	2.31	.61	.97
	14..	8,292	+19	49.13	47.36	3.51	......	......	−21	47.99	48.14	2.35	.58	.94
	21..	9,255	+03	43.82	46.29	9.89	......	......	−21	47.85	48.07	2.61	.56	.91
	28..	11,494	−13	42.24	41.41	12.71	......	3.64	−21	47.62	47.80	3.02	.60	.97
Nov.	4..	12,629	−04	42.70	41.81	10.85	......	4.64	−20	47.41	47.54	3.36	.88	.83
	11..	10,003	00	41.33	41.14	11.21	5.70	.59	−20	47.21	47.34	3.61	1.02	.82
	18..	12,207	+04	46.83	48.39	4.78	......	......	−19	47.19	47.38	3.65	.98	.80
	25..	17,534	+12	42.67	42.12	7.79	6.32	1.10	−18	46.98	47.10	3.87	1.28	.81
Dec.	2..	12,414	+00	44.61	41.65	8.63	4.41	.70	−18	46.87	46.91	4.04	1.38	.80
	9..	15,803	+09	41.42	41.01	10.07	7.50	......	−18	46.64	46.65	4.30	1.64	.77
	16..	13,231	−11	40.75	41.91	9.90	7.54	......	−17	46.43	46.48	4.50	1.85	.74
	23..	11,434	04	44.32	43.33	8.43	3.92	......	−17	46.37	46.39	4.61	1.91	.72
	30..	4,366	−03	50.99	49.01	......	......	......	−17	46.42	46.42	4.56	1.89	.71

***Cattle, sheep, and hogs for principal markets combined; cattle for individual markets*—Continued.**

CATTLE—DENVER, 1916.

Week ending—		Total purchases.	Percentages for week.						Percentages—year to date.					
			Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.	Margin.	Swift.	Armour.	Morris.	Wilson.	Cudahy.
Jan.	8..	944	−32	45.87	54.13	......	......	......	−32	45.87	54.13	......	......	......
	15..	799	−61	46.93	53.07	......	......	......	−48	46.36	53.64	......	......	......
	22..	492	−37	63.82	36.18	......	......	......	−45	50.20	49.80	......	......	......
	29..	1,006	−40	44.73	55.27	......	......	......	−43	48.50	51.50	......	......	......
Feb.	5..	701	−51	43.65	56.35	......	......	......	−45	47.64	52.36	......	......	......
	12..	647	62	49.30	50.70	......	......	......	−48	47.88	52.12	......	......	......
	19..	961	−38	52.09	47.91	......	......	......	−46	48.62	51.38	......	......	......
	26..	680	−34	55.88	44.12	......	......	......	−45	49.41	50.59	......	......	......
Mar.	4..	697	−54	49.64	50.36	......	......	......	−46	49.43	50.57	......	......	......
	11..	1,056	−51	43.56	56.44	......	......	......	−47	48.66	51.34	......	......	......
	18..	831	−02	45.01	54.99	......	......	......	−43	48.31	51.69	......	......	......
	25..	698	−29	60.70	39.30	......	......	......	−42	49.10	50.90	......	......	......
Apr.	1..	904	+03	42.92	57.08	......	......	......	−39	[illegible]	51.44	......	......	......
	8..	776	−13	55.91	44.09	......	......	......	−37	[illegible]	44.09	......	......	......
	15..	905	−26	44.31	55.69	......	......	......	−36	48.71	51.29	......	......	......
	22..	823	−54	49.94	50.06	......	......	......	−37	48.79	51.21	......	......	......
	29..	923	−47	60.78	29.22	......	......	......	−38	49.60	50.40	......	......	......
May	6..	745	−15	54.36	45.64	......	......	......	−37	49.84	50.16	......	......	......
	13..	964	−58	46.16	53.84	......	......	......	−38	49.61	50.39	......	......	......
	20..	716	−40	61.31	38.69	......	......	......	−38	50.13	49.87	......	......	......
	27..	996	−27	58.33	41.67	......	......	......	−37	50.61	49.39	......	......	......
June	3..	1,078	−26	44.34	55.66	......	......	......	−37	50.24	49.76	......	......	......
	10..	922	−25	59.23	40.77	......	......	......	−36	50.67	49.33	......	......	......
	17..	940	−23	58.40	41.60	......	......	......	−36	51.03	48.97	......	......	......
	24..	1,060	−18	56.47	43.53	......	......	......	−35	51.30	48.70	......	......	......
July	1..	990	+01	54.24	45.76	......	......	......	−33	51.44	48.56	......	......	......
	8..	......	+23	......	......	......	......	......	−31	51.80	48.20	......	......	......
	15..	1,198	−18	49.42	50.58	......	......	......	−31	51.68	48.32	......	......	......
	22..	829	−56	44.39	55.61	......	......	......	−32	51.44	48.56	......	......	......
	29..	986	−14	58.07	41.93	......	......	......	−31	51.69	48.31	......	......	......
Aug.	5..	911	−16	55.87	44.13	......	......	......	−30	51.83	48.17	......	......	......
	12..	995	+07	49.35	50.65	......	......	......	−29	51.74	48.26	......	......	......
	19..	1,055	+17	43.41	56.59	......	......	......	−27	51.44	48.56	......	......	......
	26..	1,391	+03	50.68	49.32	......	......	......	−26	51.41	48.59	......	......	......
Sept.	2..	1,475	+06	54.03	45.97	......	......	......	−25	51.53	48.47	......	......	......
	9..	816	+05	50.25	49.75	......	......	......	−24	51.50	48.50	......	......	......
	16..	1,276	−11	47.57	52.43	......	......	......	−23	51.35	48.65	......	......	......
	23..	1,399	−01	47.68	52.32	......	......	......	−22	[illegible]	48.80	......	......	......
	30..	1,205	+18	55.10	44.90	......	......	......	−21	51.34	48.66	......	......	......
Oct.	7..	1,610	+01	58.45	41.55	......	......	......	−20	51.64	48.36	......	......	......
	14..	1,568	−02	53.00	47.00	......	......	......	−20	51.70	48.30	......	......	......
	21..	2,097	−12	54.79	45.21	......	......	......	−19	51.85	48.15	......	......	......
	28..	2,452	−33	50.00	50.00	......	......	......	−20	51.75	48.25	......	......	......
Nov.	4..	2,534	−06	44.79	55.21	......	......	......	−19	51.37	48.63	......	......	......
	11..	3,197	−06	34.22	65.78	......	......	......	−19	50.27	49.73	......	......	......
	18..	2,762	−10	46.89	53.11	......	......	......	−19	50.09	49.91	......	......	......
	25..	3,048	−29	54.69	45.31	......	......	......	−19	50.34	49.66	......	......	......
Dec.	2..	3,197	−05	50.77	49.23	......	......	......	−19	50.37	49.63	......	......	......
	9..	2,314	+06	53.67	46.33	......	......	......	−18	50.49	49.51	......	......	......
	16..	1,875	−41	58.08	41.92	......	......	......	−19	50.72	49.28	......	......	......
	23..	1,663	−53	51.11	48.89	......	......	......	−20	50.73	49.27	......	......	......
	30..	1,266	−88	50.71	49.29	......	......	......	−20	50.73	49.27	......	......	......

EXHIBIT 3.

PLAN OF LOUIS F. SWIFT TO PURCHASE THE SULZBERGER & SONS CO. COMMON STOCK FOR ARMOUR, MORRIS, AND SWIFT.

CHICAGO, *June 14, 1915.*

We, the undersigned, hereby agree to purchase of ______________________ ________ not to exceed $5.00 a share or $1,000,000 on the common stock, the company to be liquidated on the same lines the National was—and in the event of disagreement, the majority to rule. Per cents to be—

Armour	40
Morris	13
Swift	47

Absorb assets or proceeds on above per cent.
Divide shortage " ______________________________
" overage " ______________________________
____

Guarantee divide overage.
N

1. An Agreement between Louis F. Swift (Swift alone enters this contract) and G. S., hereinafter called the vendor.

2. Vendor agrees to sell and Swift agrees to buy all the common stock and therewith all of the right, title and interest of G. S. in the S. Co.

3. Vendor to deliver to Swift resignations of officers and directors to take effect at the option of Swift.

4. Swift to pay within six months ____________ dollars for said stock and interest of said G. S., the stock properly endorsed carrying his said interest.

5. Vendor to continue to operate the property to the best of his ability, subject to the direction and control of Swift, for such time not exceeding one year, as Swift may direct. So long as vendor continues to operate the S. Co., under the direction of said Swift, he shall receive the same compensation which he now receives from said company.

6. Swift in his judgment to finance, or in his judgment to close down the plants of the S. Company during said period.

7. Vendor has submitted a balance sheet of the assets and liabilities of said company as of ______________________, and guarantees the correctness thereof; it being understood that the consideration for said stock of the vendor is based by the said Swift upon said balance sheet.

8. Vendor agrees upon signing of this agreement to deposit said stock in escrow with agreed bank or trust company, such bank or trust company to deliver the stock whenever paid for by said Swift in accordance with this agreement and to deliver to Swift proxies authorizing Swift to vote said stock.

9. Vendor agrees that the common stock so sold to Swift carries with it the interest of vendor in all of the allied or subsidiary companies of the S. Co., and in case the stocks of any such companies are not owned by the S. Company, but are separately held, in whole or in part by the vendor, or by trustees or agents for him, vendor agrees to assign, or cause to be assigned and transferred, said stocks to said Swift.

HV-L

Agreement between Swift and others.

Witnesseth:

1. Swift has purchased the stock and interest of G. S. in the S. Company for ———— dollars.

2. Swift purchased said stock and interest as agent for and on behalf of A. B., and all money used in making said purchase was furnished by said Swift, A. and B., in the proportions hereinafter named, and the said stock and interest so purchased are the property of and belong to the said Swift, A. and B., in the same proportions.

3. Said stock and interest was purchased for and is now owned by said Swift, A. and B., in the following proportions, viz.:

Swift	47
A	40
B	13

4. Parties agree to sell and dispose of the properties of S. Company within six months, in part or in whole, at the best price obtainable therefor.

5. Parties to pay in any funds that may be necessary to finance or carry said properties in the proportions hereinbefore named.

HV-L

December 26, 1914.

Assets.		Liabilities.	
Accounts & bills receivable	$9,507,360.45	Debenture Notes	$8,689,000.00
		" Interest	109,250.00
			8,798,250.00
Cash	5,568,197.00	Bills Payable	17,033,625.00
Mdse. on hand, in transit, and consigned	11,963,921.48	Accts. Payable	986,411.48
Insurance and Interest unearned	419,456.03		
Mortgages and Securities	144,234.87		
	$18,095,809.38		$18,020,036.48
Investments in Subsidiary Cos	8,692,198.68	Preferred Stock	9,834,600.00
Property Accts	25,419,737.19	Sinking Fund—Pfd. Stock	11,889.25
	$34,111,935.87		$9,846,489.25
		Surplus	5,050,329.97
		Com. Stock	20,000,000.00
		Com. Stock Surplus	$25,050,329.97
	$61,715,105.70		$61,715,105.70

EXHIBIT 4.

CONTRACTS OF JUNE 22, 1915, BETWEEN SULZBERGER & SONS CO., THE SULZBERGERS, AND THE BANKERS, WITH OTHER DOCUMENTS RELATING THERETO.

NEW YORK CITY, *June 22, 1915.*

THE CHASE NATIONAL BANK,
GUARANTY TRUST COMPANY OF NEW YORK,
Messrs. HALLGARTEN & Co., and
Messrs. WILLIAM SALOMON & Co.,
New York City.

DEAR SIRS: We are writing this letter for the purpose of confirming our arrangement with you respecting provision for our financial requirements.

Subject to the conditions hereinafter stated, we are to sell and you are (if you elect to undertake the hereinafter called "larger transaction") to endeavor to form a Syndicate to purchase:

1. Twelve million dollars ($12,000,000), principal amount of our Six Per Cent. First Mortgage Twenty-Year Sinking Fund Gold Bonds (hereinafter called the Twenty-Year Bonds), secured by a first mortgage upon

(a) The manufacturing plants and equipment, branch house properties and other physical properties of the following companies (except certain unimportant properties not used in connection with their respective businesses):

Sulzberger & Sons Company,
Sulzberger & Sons Company of Oklahoma,
Pacific Coast Beef & Provision Company,
The Sulzberger & Sons Company of America,
Pennsylvania Investors Company, and
Turtle Bay Investors Company,

and

(b) Our holdings (except directors' qualifying shares) of all of our subsidiary companies of any importance, at least a majority of whose outstanding capital stock we own, such companies being as follows:

Albert Lea Packing Company, Incorporated,
Mississippi Packing Company, Incorporated,
South Dakota Provision Company,
Frigorifico Argentino Central,
Sulzberger Products Company,
Archer & Sulzberger, Limited,
Schwarzschild & Sulzberger Company of Louisiana,
John Reardon & Sons Company,
Standard Beef Company,
Sulzberger & Sons Aktion Gesellschaft,
Central Products Corporation,
Merchants Cold Storage & Warehouse Company,
Empire Provision & Produce Company,
Royal Leather Company,
Central Rendering Corporation,
General Rendering Company,
Union Lard Corporation,
Lackawanna Live Stock Transportation Company, and
Cold Blast Transportation Company.

The total principal amount of the Twenty-Year Bonds to be authorized to be issued under the mortgage shall be twenty-million dollars ($20,000,000). The mortgage shall provide for sinking fund payments on or before June 30 in each year, beginning with the year 1917, in the following percentages of the maximum principal amount of Twenty-Year Bonds which shall have been issued under the mortgage at the date on which the respective payments shall be made: two per cent. (2%) in each of the first five years, beginning with the year 1917; two and one-half per cent. (2½%) in each of the next five years; and three per cent. (3%) in each of the remaining years of the term of the Twenty-Year Bonds. Such sinking fund payments shall be applied to the redemption or purchase (at not more than the redemption price) of Twenty-Year Bonds which are to be canceled. The Twenty-Year Bonds shall be redeemable in whole or in part at our option, on any semi-annual interest day, upon suitable notice, at 105 and accrued interest, and, in case less than all are to be redeemed, those to be redeemed shall be chosen by lot.

Eight million dollars ($8,000,000), principal amount, of the Twenty-Year Bonds of said authorized issue shall be reserved to be issued under suitable provisions to be contained in the mortgage (a) against expenditures for improvements, betterments and extensions in respect of the properties at the time subject to the mortgage or owned by companies practically all of whose common capital stock shall at the time be subject thereto, or for the acquisition of additional properties by any company any property of which, or practically all of the common capital stock of which, shall at the time be subject to the mortgage, or of additional shares of the capital stock of any such company or of any company engaged in a business similar to that of any such company (provided, in the latter case, that a majority of the common capital stock of such company shall immediately be subjected to the mortgage), but only to the extent of seventy-five per cent. (75%) of the expenditures mentioned in the foregoing subdivision (a), or (b) for the discharge of any of the liens set forth in Schedule A hereinafter referred to or of any liens against any after acquired property which may be subject to the mortgage; provided that all such properties and all such shares of stock so acquired shall be subjected to the mortgage, and that, in case any such expenditures shall be made for additional properties which shall be subject to any liens other than the lien of the mortgage, the amount of reserved Twenty-Year Bonds that may be issued against the expenditures therefor shall be the amount obtained by subtracting the amount of such other liens from seventy-five per cent. (75%) of the sum of such expenditures and the amount of such other liens, but in that case the amount of Twenty-Year Bonds that may thereafter be issued against the discharge of such other liens shall equal the amount thereof.

The mortgage shall contain suitable provisions (1) against the creation of additional liens upon the plants and real property of the subsidiary companies whose capital stocks are pledged under said mortgage, and (2) against the borrowing of moneys by said Lackawanna Live Stock Transportation Company or said Cold Blast Transportation Company from others than Sulzberger & Sons Company or its said subsidiary companies; but this latter restriction shall not prevent either of said two companies from buying additional equipment on credit in whole or in part, or from securing the payment of the whole or any part of the purchase price thereof by a lien thereon, or from borrowing money to pay the whole or any part of the purchase price thereof and securing the payment of the moneys so borrowed by such a lien.

2 Five million dollars ($5,000,000), principal amount of our Ten-Year Six Per Cent. Sinking Fund Gold Debentures (hereinafter called the Ten-Year

Debentures) to be issued under an agreement which shall provide for sinking fund payments on or before December 31 in each year, beginning with the year 1916, in the following percentages of the principal amount of Ten-Year Debentures outstanding at the date on which the respective payments shall be made; three per cent. (3%) in each of the first five years and four per cent. (4%) in each of the remaining years of the term of the Ten-Year Debentures. Such sinking fund payments shall be applied to the redemption or purchase (at not more than the redemption price) of Ten-Year Debentures which are to be canceled. The Ten-Year Debentures shall be redeemable in whole or in part at our option, on any semi-annual interest day, upon suitable notice at 105 (or in case of those for the sinking fund at 102½), or a premium of one-half of one per cent. for each six months or fraction thereof of their unexpired term, which ever may be the smaller price, and accrued interest in either case, and in case less than all are to be redeemed, those to be redeemed shall be chosen by lot.

Both the Twenty-Year Bonds and the Ten-Year Debentures shall bear interest at the rate of six per cent. (6%) per annum, and the form and terms of the Twenty-Year Bonds and the mortgage and of the Ten-Year Debentures and the agreement under which they shall be issued shall be satisfactory to you and your counsel, and suitable evidence shall be furnished that the titles to the real estate to be mortgaged, as well as the principal real estate of the companies, shares of the capital stock of which are to be pledged under the mortgage, are valid and are free of mortgage or other liens securing the payment of money except the mortgages mentioned in Schedule A hereto annexed.

The trustee under the mortgage and the trustee under the agreement under which the Ten-Year Debentures shall be issued shall be such trust companies having offices in the City of New York as you may designate.

The purchase price for said Twelve million dollars ($12,000,000), principal amount, of Twenty-Year Bonds and Five million dollars ($5,000,000), principal amount, of Ten-Year Debentures is to be Fifteen million one hundred and thirty thousand dollars ($15,130,000) with proper adjustment of interest, which shall be paid as follows: On or before the execution and delivery of the mortgage, an amount at least sufficient to redeem, or pay off on June 1, 1916, the Eight million one hundred thousand dollars ($8,100,000), principal amount, of our Debentures now outstanding, and the balance on or before June 1, 1916, the deliveries of the securities to be proportionate to the payments.

It is understood that your willingness to endeavor to form a Syndicate for the purchase of said Twenty-Year Bonds and Ten-Year Debentures is subject to your satisfying yourselves, by investigation through counsel or otherwise, as to the titles to our real estate to be mortgaged, and to the real estate and rolling stock of the companies, shares of the capital stock of which are to be pledged under the mortgage, and, through experts and certified public accountants, as to the condition of our accounts and business and of the value of such property. You are to be reimbursed for your actual disbursements in connection with such investigation and for your legal expenses, whether said purchase of said Twenty-Year Bonds and Ten-Year Debentures shall be consummated or not.

We are to furnish you with all information which you or your representatives may require and an opportunity for such investigation of our accounts, books and property as you may wish to make.

Inasmuch as you are not at the present time prepared to make a firm contract to purchase said Twenty-Year Bonds and Ten-Year Debentures and it is important that we make firm provision for the payment or redemption at or before their maturity of said Eight million one hundred thousand dollars

($8,100,000), principal amount, of our Debentures now outstanding, which mature on June 1, 1916, it is further agreed that, if you do not carry out the larger transaction, you will, in any event, on or before May 15, 1916 (but not earlier than September 1, 1915), in the several proportions stated below, purchase from us Nine million dollars ($9,000,000), principal amount, of our Six Per Cent. Sinking Fund Gold Debentures maturing five years from the first day of the month succeeding the month in which the initial payment therefor is made (hereinafter referred to as the Five-Year Debentures), which (except for the changes hereinafter specifically provided for) shall be substantially in the form of our Debentures dated March 1, 1912, and shall be issued under an agreement (in form satisfactory to your counsel) which, in so far as applicable, shall be substantially in the form of the agreement under which said Debentures were issued, except that (1) the Five-Year Debentures shall be redeemable in whole or in part at our option, or any semiannual interest day, upon suitable notice, at a premium of one-half of one per cent. for each six months or fraction thereof of their unexpired term (or in case of those for the sinking fund at 102½, whichever price shall be the smaller) and accrued interest in either case, and, in case less than all are to be redeemed those to be redeemed shall be chosen by lot; (2) the amount of payments to the sinking fund, which shall be made on or before the expiration of each period of twelve months, shall be three per cent. (3%) of the principal amount of Five-Year Debentures outstanding on the respective dates on which such payments shall be made; (3) the Federal income tax shall be excluded from the tax covenant, if in the opinion of counsel for us approved by you a covenent by us to pay the interest upon the Five-Year Debentures without deduction for any Federal income tax would be invalid and unenforcible, and (4) the agreement shall contain such limitations in respect of the mortgaging and pledging of our personal property and that of subsidiary companies as you shall approve, including, if you require it, the provisions of subdivisions (1) to (4) of subdivision (d) hereof. The obligation to purchase said Nine million dollars ($9,000,000) of Five-Year Debentures shall be several in the following proportions:

The Chase National Bank twenty (20) per cent.
Guaranty Trust Company of New York twenty (20) per cent.
Hallgarten & Co. forty (40) per cent.
William Salomon & Co. twenty (20) per cent.

The mortgage and the agreement under which the Ten-Year Debentures shall be issued or the agreement under which the Five-Year Debentures shall be issued, as the case may be, shall contain such limitations in respect of the mortgaging and pledging of our personal property and that of subsidiary companies as you shall approve.

The purchase price of said Nine million dollars ($9,000,000), principal amount, of said Five-Year Debentures is to be Eight million and seventy-five thousand dollars ($8,075,000) with a proper adjustment of interest.

The proceeds of said Five-Year Debentures shall, in so far as necessary, be applied to the payment of our said outstanding Debentures, and when received shall be deposited for that purpose with Columbia Trust Company, which is the Trustee under the agreement under which our outstanding Debentures dated June 1, 1906, were issued, and with The Equitable Trust Company of New York, which is the Trustee under the agreement under which our outstanding Debentures dated March 1, 1912, were issued, or with such other trust companies, banks or other depositaries as you may approve.

Whenever requested by you, we are to take such steps as may be necessary or proper to cause to be listed on the New York Stock Exchange and on

such other stock exchanges as you may desire the Twenty-Year Bonds and the Ten-Year Debentures, or the Five-Year Debentures, as the case may be.

In consideration of your firm agreement to purchase said Nine million dollars ($9,000,000), principal amount, of the Five-Year Debentures, it is agreed as follows:

(a) You shall have the privilege, up to January 1, 1916, to enter into a firm contract for the larger transaction, and, in that event, said issue of Five-Year Debentures will not be created; in case you shall have purchased said Nine million dollars ($9,000,000), principal amount of Five-Year Debentures, you shall still have the privilege of carrying through the larger transaction within the period and upon the terms herein specified, provided said Nine million dollars ($9,000,000) of Debentures are surrendered at cost, plus accrued interest.

(b) You shall have a reasonable preferential opportunity for a period of five years from January 1, 1916, to purchase any further securities (other than commercial paper and other current obligations) that we may issue, upon the terms upon which we shall be willing to sell such securities to others;

(c) For a period of one and one-half years from the date on which we shall make the first delivery to you of Twenty-Year Bonds and Ten-Year Debentures or Five-Year Debentures, as the case may be, we will not sell any further securities (except current obligations as aforesaid) without your approval;

(d) Pending the consummation of one or the other of said transactions, we agree that we will not, without your consent, (1) pledge any of the shares of stock owned by us in any of our above-mentioned subsidiary companies; or (2) place any mortgage or other lien upon our real estate or plants or upon the real estate or plants or rolling stock of any of our said subsidiary companies (this restriction, however, not to include purchased money liens upon properties hereinafter acquired); or (3) pledge our Accounts Receivable; or (4) place any liens upon our merchandise or other personal property, other than liens upon merchandise or warehouse receipts to secure commercial obligations in an amount at no time exceeding Two million five hundred thousand dollars ($2,500,000) in the aggregate, and liens incident to export shipments in the ordinary course of our business; or (5) do any permanent financing or create any obligations for the payment of money which shall mature later than June 1, 1916, or more than nine months after their date, whichever maturity shall be the later; or (6) part with any of our important properties, or make any radical change in our business, or make any considerable or unusual capital expenditures or any substantial increase in our floating debt; and

(e) Whenever requested by you, our outstanding common capital stock shall be transferred under a voting trust agreement to five voting trustees as follows:

Max J. Sulzberger,
Germon F. Sulzberger,
Charles H. Sabin,
Harry Bronner, and
A. Barton Hepburn.

The voting trust agreement shall provide that the successors to Max J. Sulzberger and Germon F. Sulzberger, respectively, shall be designated by them or the survivor of them; that the successors to Charles H. Sabin and Harry Bronner, respectively, shall be designated by Guaranty Trust Company, of New York; and that the successor to A. Barton Hepburn shall be designated by the unanimous vote of the four remaining Voting Trustees, or, in default of such designation, by said A. Barton Hepburn, or, in default of such desig-

nation, by the Committee on Arbitration of the Chamber of Commerce of the State of New York.

Such voting trust shall continue for a period of five years from its creation and the voting trust agreement shall provide for the issue and transfer in the usual manner of voting trust certificates representing the deposited stock, and shall confer full voting rights upon the Voting Trustees (who shall have the power to act by a majority of their number), except that they shall not vote in respect of the shares of stock held by them thereunder to authorize (1) any increase or decrease in our authorized capital stock, or (2) the sale or other disposition of our properties as an entirety, or (3) the dissolution of this Company, or (4) the sale or other disposition of any shares of our common stock in addition to those now outstanding, unless with the consent in each instance of the holders of a majority in amount of the voting trust certificates for our common stock; and suitable provision shall be inserted in said agreement to limit the right of the Voting Trustees, unless with such consent, to vote in respect of said shares to authorize any mortgage upon our property other than such as may be necessary to enable us to carry out said larger transaction.

It is to be a further condition of your said firm agreement that said one-half of our directors, one of each of the four classes, shall resign and persons nominted by you shall be elected in their stead; that the office of the Chairman of the Board of Directors shall be created and that persons approved by you (and who shall be of the directors nominated by you) shall be elected to that office and to the office of Vice-President in Charge of Finances, or Treasurer, as you may prefer; that the necessary changes in our by-laws to provide for the foregoing offices shall be made as soon as practicable after the date hereof, and that said four directors and said officers shall be elected whenever you shall request. In case of disagreement between yourselves and us in respect to the compensation for said officers, the compensation for the first year shall be such as you shall approve.

Your obligations above stated are conditioned upon the carrying out by Max J. and Germon F. Sulzberger of their agreement with yourselves and your associates of even date herewith respecting stock in said Company.

Kindly confirm that the above is in accordance with your understanding.

Yours, truly,

SULZBERGER & SONS COMPANY,
By MAX J. SULZBERGER,
Vice-President.

SCHEDULE A.

LIST OF OUTSTANDING LIENS TO SECURE THE PAYMENT OF MONEY ON PROPERTY OF SULZBERGER & SONS COMPANY AND ITS SUBSIDIARIES.

1. On New York property of Sulzberger & Sons Company:

Mortgage on property at 836 First Avenue to secure the payment on August 10, 1917, of $9,000 with interest at 5 per cent, payable semi-annually.

2. On New York property of Turtle Bay Investors Company:

Mortgage on 47th Street Malthouse property to secure the payment on November 21, 1916, of $40,000 with interest at 4½ per cent.

3. On property of John Reardon & Sons Company:

Mortgage on Cambridge property, given by Edward Reardon, as Trustee, to Clinton Savings Bank, dated September 21, 1897, to secure the payment of a demand note for $25,000 with interest at the rate of 5 per cent per annum, payable semi-annually.

4. On property of Pacific Coast Beef & Provision Company:

(a) Mortgage on Los Angeles property to Security Savings Bank to secure the payment on March 15, 1916, of $150,000, principal amount, of a Five-Year Note with interest at 10 per cent. per annum, payable quarterly, less 4 per cent reduction if mortgagor keep all covenants to pay taxes, assessments and encumbrances; and

(b) Mortgage on same property to Title Insurance & Trust Company, as Trustee, to secure the payment on March 18, 1926, of $50,000, principal amount, of coupon bonds, with interest at 7 per cent. per annum.

5. On property of The Sulzberger & Sons Company of America:

(a) At Dallas, Texas, a vendor's lien reserved in deed dated August 24, 1912, from Sadie F. Brennan to the Company, to secure the payment of certain notes of which the last for $6,666.67 matures August 1, 1915.

(b) At Birmingham, Alabama, a purchase money mortgage to R. E. Collins to secure the payment on March 15, 1921, of $10,000, with interest at 6 per cent. per annum, payable semi-annually.

6. On property of Albert Lea Packing Company, Incorporated:

Mortgage to The Peoples Building & Loan Association of Albert Lea, dated February 8, 1913, to secure the payment in ten years of $25,000 and interest at 7 per cent,. which is payable in monthly installments.

7. On property of Cold Blast Transportation Company:

(a) On 400 beef refrigerator cars, numbered from 2301 to 2700, both inclusive, to secure the payment of $52,678.11 evidenced by 8 notes for $6,352.50 each, payable monthly, July 10, 1915, to February 10, 1916, and 2 notes for interest as follows:

1	payable	August 10, 1915,	for $1,357.85, and
1	"	February 10, 1916, for	500.26.

(b) On 200 beef refrigerator cars, numbered from 2701 to 2900, both inclusive, to secure the payment of $106,270.23, evidenced by 32 notes, payable monthly, June 25, 1915, to January 25, 1918, and 6 notes for interest as follows:

1	payable	July 25, 1915,	for $2,321.95,
1	"	January 25, 1916,	" 1,906.07,
1	"	July 25, 1916,	" 1,490.20,
1	"	January 25, 1917,	" 1,074.33,
1	"	July 25, 1917,	" 658.46, and
1	"	January 25, 1918,	" 242.59.

NEW YORK CITY, *June 22, 1915.*

DEAR SIRS: The undersigned, together owning a majority of the common capital stock of Sulzberger & Sons Company (the remainder being owned or controlled by members of the Sulzberger family or trustees for such members), hereby approve and confirm the letter from said company to yourselves and your associates, of even date herewith (hereinafter referred to as the main letter) providing for the firm purchase of nine million dollars ($9,000,000), principal amount, of debentures of said company, therein called five-year debentures, with the privilege to you and your associates up to January 1, 1916, to purchase (instead of said five-year debentures) twelve million dollars ($12,000,000), principal amount, of Six Per Cent First Mortgage Twenty-Year Sinking Fund Gold Bonds and Five million dollars ($5,000,000), principal amount, of Ten-Year Six Per Cent Sinking Fund Gold Debentures of said Company.

We also confirm that, in consideration of your said firm agreement to join in the purchase of said Five-Year Debentures, we have granted to you an option to purchase for the sum of Fifty thousand dollars ($50,000), voting trust certificates for Ten thousand ($10,000) share, of the par value of $100 each, of the

present outstanding common capital stock of said Company to be issued under the voting trust agreement mentioned in the main letter, the delivery of said voting trust certificates and the payment therefor, in case you shall exercise said option to be made as follows: Simultaneously with the confirmation by you and your associates of the arrangement herein and in the main letter set forth, we will deposit with Guaranty Trust Company of New York, under a letter of instructions satisfactory to you, certificates, endorsed in blank, for said Ten thousand (10,000) shares of said common stock to be held and delivered by it in the following manner:

As soon as said voting trust agreement shall have been executed and delivered, said Trust Company shall deliver said certificates for said Ten thousand (10,000) shares of said common stock to the Voting Trustees thereunder, in exchange for voting trust certificates for the same number and class of shares. Said Trust Company shall be free to deliver such voting trust certificates to you or upon your order when you and your associates shall have carried through either of said transactions to the extent of paying thereunder an amount sufficient to provide for the Company's maturing debentures, and upon the payment by you to it for our account of said sum of Fifty thosand dollars ($50,00). In case it should become impossible, through no fault on the part of yourselves and your associates, for said Company to carry through either of said transactions, then, upon payment of said sum to said Trust Company for our account on or before May 15, 1916, it shall be free to deliver said voting trust certificates to you or upon your order. In case you shall not have taken up and paid for said voting trust certificates on or before May 15, 1916, in accordance with the foregoing provisions, then they (or if said voting trust agreement shall not have been executed and delivered, said certificates for said Ten thousand (10,000) shares of said common stock shall immediately thereafter be deliverable to us or upon our order.

We also confirm that we have granted to you the further option to purchase, for the sum of Twenty thousand dollars ($20,000), in case you and your associates shall carry out the larger transaction in the main letter provided for, voting trust certificates issued under said voting trust agreement for Three thousand three hundred and thirty-three (3,333) shares of said common capital stock in addition to those above mentioned. Delivery of said additional voting trust certificates shall be made upon your request and upon payment of said $20,000 to said Trust Company for our account at any time after you and your associates shall have obligated yourselves in accordance with the terms of the main letter to carry through said larger transaction and on or before May 15, 1916, and after payment thereunder of an amount sufficient to provide for the Company's maturing debentures.

Within twelve days after the date hereof we will deliver to said Guaranty Trust Company the Three thousand three hundred and thirty-three (3,333) shares of the common capital stock covered by the "further option" hereinbefore set forth, with a suitable letter of instructions in form like the letter under which the Ten thousand (10,000) shares of stock are to be deposited.

We also confirm that in consideration of your said firm agreement we have agreed with you that none of the remaining common stock of said Company or voting trust certificates therefor (other than such as may become deliverable under the terms of similar letters of even date herewith addressed to your associates) shall be sold to persons other than members of the Sulzberger family within two years from the date hereof without your consent. It is further understood that if you so desire, we will co-operate in causing the Board of Directors of the Company to be increased to such number as you

may approve, and that no dividends shall be declared upon the common stock of said Company prior to May 15, 1916.

We are to co-operate with you and with said Company and its Board of Directors in listing on the New York Stock Exchange and on such other stock exchanges as you may desire both the common and preferred stock of said Company or the voting trust certificates issued therefor, whenever requested by you.

This letter is in addition to our other letter to you of the same date and tenor.

Kindly confirm that the above is in accordance with your understanding.

Very truly, yours,

MAX J. SULZBERGER,
GERMON F. SULZBERGER.

Messrs. HALLGARTEN & Co.,
5 Nassau St., New York City.

[The foregoing letter was also addressed to the following:
Guaranty Trust Company of New York, 140 Broadway, New York City.
William Salomon & Co., 25 Broad St., New York City.
The Chase National Bank, 57 Broadway, New York City.

NEW YORK CITY, *June 22, 1915.*

SULZBERGER & SONS COMPANY,
41st Street & First Avenue, New York.

DEAR SIRS: We acknowledge receipt of your letter to us of June 22, 1915, covering the firm purchase of Nine million dollars ($9,000,000), principal amount of your Five-Year Debentures and giving us the opportunity of forming a Syndicate to purchase Twelve million dollars ($12,000,000), principal amount, of your Six Per Cent. First Mortgage Twenty-Year Sinking Fund Gold Bonds and Five million dollars ($5,000,000), principal amount, of your Ten-Year Six Per Cent. Sinking Fund Gold Debentures. We hereby confirm the arrangements set forth in your letter, our obligations in respect of said firm purchase of said Nine million dollars ($9,000,000), principal amount of your Five-Year Debentures being several in the proportions set opposite our signatures hereto.

Yours truly,

THE CHASE NATIONAL BANK, Twenty (20) per cent.
By E. R. TINKER, Jr., *Vice-President.*
GUARANTY TRUST COMPANY OF NEW YORK, Twenty (20) per cent.
By WILLIAM C. POTTER, *Vice President.*
HALLGARTEN & CO. Forty (40) per cent.
WILLIAM SALOMON & CO.

NEW YORK CITY, *June 22, 1915.*

Messrs. MAX J. SULZBERGER and GERMON F. SULZBERGER,
New York City.

DEAR SIRS: We acknowledge receipt of your two letters of June 22, 1915, identical in form, each covering, among other things, an option to us to purchase, upon the terms and conditions therein stated, voting trust certificates for Ten thousand (10,000) shares of the common capital stock of Sulzberger & Sons Company, and a further option to purchase voting trust certificates for Three thousand three hundred and thirty-three (3,333) shares of said stock, and hereby confirm that the arrangements therein set forth are in accordance with our understanding.

Yours truly,

HALLGARTEN & CO.

NEW YORK CITY, *June 22, 1915.*

Messrs. MAX J. SULZBERGER and GERMON F. SULZBERGER,
New York City.

DEAR SIRS: We acknowedge receipt of your letter of June 22, 1915, covering, among other things, an option to us to purchase, upon the terms and conditions therein stated, voting trust certificates for ten thousand (10,000) shares of the common capital stock of Sulzberger & Sons Company, and a further option to purchase voting trust certificates for three thousand three hundred and thirty-three (3,333) shares of said stock, and hereby confirm that the arrangements therein set forth are in accordance with our understanding.

Yours truly,

GUARANTY TRUST COMPANY OF NEW YORK.
By WILLIAM C. POTTER, *Vice-President.*

[The foregoing, as a separate letter, was also written by
William Salomon & Company.
The Chase National Bank, By E. R. Tinker, Jr., Vice President.]

JUNE 21, 1915.

DEAR MR. TINKER: Mr. Potter, of the Guaranty Trust Company, is out of town to-day but will be here to-morrow morning. I am therefore suggesting a conference at the office of Kuhn, Loeb & Co. for 10.30 to-morrow. Will this suit you?

Very sincerely, yours,

E. R. TINKER, Jr., Esq. *57 Broadway, N. Y*

MEMORANDUM BETWEEN GUARANTY TRUST COMPANY OF NEW YORK, CHASE NATIONAL BANK, HALLGARTEN & CO. AND WILLIAM SALOMON & CO.

The business covered by the contracts entered into this day betweeen the above-mentioned bankers and SULZBERGER & SONS COMPANY and GERMON F. and MAX J. SULZBERGER has been undertaken for the account of said four bankers.

While the obligations of the four banking firms who entered into said contracts are several, it is understood that the business is to be handled by them for joint account and that all options are to be exercised and all sales of securities made for their pro rata benefit, except that the Chase National Bank shall not be required to acquire any of the common stock of Sulzberger & Sons Company. With that qualification, the bankers are to act together in disposing of the stock covered by the respective options in so far as the holders desire to sell. Six months after receipt of any securties, each of the bankers shall be free to dispose of the share thereof remaining in their hands as they deem best.

Dated: New York, June 22, 1915.

(Signed) THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK,
Vice President.

HALLGARTEN & CO.
WILLIAM SALOMON & CO.
THE GUARANTY TRUST COMPANY OF NEW YORK,
Vice President.

SULZBERGER & SONS COMPANY.

Distribution of Papers in Financing 1915–1916.

The five originals of main letter executed by Sulzberger & Sons Company were distributed as follows:

Copy lettered "A" to Kuhn, Loeb & Co.
" " "B" to Guaranty Trust Company,
" " "C" to William Salomon & Co.
" " "D" to The Chase National Bank
" " "E" to Hallgarten & Co.

JUNE 24, 1915.

Memorandum for Mr. BRONNER:

Will you bring with you to the meeting this afternoon your letter addressed to Kuhn, Loeb & Co. Your letter should be dated June 22nd. Hanauer says the reply has been written out and signed.

PAUL D. CRAVATH.

JUNE 22ND, 1915.

Messrs. KUHN, LOEB & Co.
52 William Street, New York City.

SULZBERGER & SONS COMPANY.

DEAR SIRS: This is to confirm that we have ceded to you a sub-participation of one-half in our participation of forty per cent (40%) in the business covered by the contracts entered into this day between the Chase National Bank, Guaranty Trust Company of New York, William Salomon & Co. and ourselves, on the one hand, and Sulzberger & Sons Company and Max J. and Germon F. Sulzberger on the other, copies of which contracts we hand you herewith. It is understood that in respect of said participation of forty per cent, the profits and obligations of the business are to be shared and borne equally by yourselves and ourselves, provided that we shall not, without your consent, undertake the larger transaction or exercise the option on your fifth of the stock.

Yours very truly,

H. & Co.

KUHN, LOEB & COMPANY,
New York, June 22nd, 1915.

Messrs. HALLGARTEN & Co.,
5 Nassau Street, New York.

DEAR SIRS: We beg to acknowledge receipt of your favor of even date, granting us a subparticipation of one-half of your interest in the business therein referred to. We accept such participation and hereby confirm the arrangement in request thereof, as stated in your letter.

Yours, very truly,

KUHN, LOEB & Co.

S.

Upon the execution of this agreement [agreement of June 22, 1915] the following announcement was made by the company with the approval of the banking group:

> "Sulzberger & Sons Company announce that a banking group have contracted for the purchase of a new issue of securities which will provide the funds for the payment, at or before maturity, of the company's $8,100,000 of debentures which mature June 1, 1916."

[From Cravath Memorandum, Exhibit 5, p. 269.]

JULY 14, 1915.

MAX SULZBERGER, Esq.,
c/o Messrs. Sulzberger & Sons Co.,
45th Street & First Avenue, City.

DEAR SIR: I am in receipt of a letter from the Lincoln National Bank of Rochester, New York, as follows:

> "We are informed to-day by a representative of Sulzberger & Sons Company that an arrangement has been made with you to finance the debenture bonds of that company maturing in 1916, and as we carry the local account of Messrs. Sulzberger & Sons Company and at times take their paper in liberal amounts, we should be glad to have your verification of their representative's statement, and information as to how the notes will be financed."

We have also noticed in the newspapers statements to the effect that the Guaranty Trust Company and the Chase National Bank have undertaken the financing of Sulzberger & Sons Company.

The understanding of the Chase National Bank and ourselves is to the effect that Sulzberger & Sons Company might refer to our institution as having knowledge of the fact that arrangements had been made by a group of banks and bankers to finance the debentures of your company, and we would prefer to have your representatives confine themselves to this statement rather than to give the impression that the Chase National Bank and the Guaranty Trust Company were responsible for the operation.

We shall gladly confirm our understanding as stated above.

Yours, very truly,

Vice President.

WCP-FJG-93.

SULZBERGER & SONS CO.
Office of Vice President,
New York.

JULY 15TH, 1915.

DEAR SIR: We have your letter of the 14th instant. We received from Mr. Cravath's office a memorandum of instructions as to our procedure in announcing our financial arrangements which we understand was approved by you and Mr. Wiggin and of which you have a copy. We have endeavored to follow this memorandum.

We are sure that our representative has not intentionally sought to give the impression that "the Chase National Bank and the Guaranty Trust Company were responsible for the operation," although we have felt free to say that they were included in the group. We think you will realize that in the interest of all concerned it was necessary in some cases to refer to these two institutions as members of the group and that because of their prominence importance has naturally been attributed to their association with the business.

We shall continue to be careful to follow out the instructions contained in the memorandum given to us, unless you intend your letter of the 14th instant to modify it.

Yours, truly,

WILLIAM C. POTTER, Esq.,
Vice President Guaranty Trust Company of New York,
140 Broadway, New York.

(Copy.)

CRAVATH & HENDERSON,
52 William Street,
New York.

JULY 20, 1915,

S. & S. COMPANY, REFINANCING.

DEAR SIR: I am sending to you herewith five copies of proposed announcement in regard to Sulzberger & Sons Company as further revised by Mr. Cravath this afternoon.

My understanding is that you will take the matter up with the other bankers. I am sending a copy to Mr. M. J. Sulzberger for the approval of himself and his brother Germon.

When the form has been approved by all parties in interest I will be glad to arrange for the announcement and publication thereof. I assume that it is desirable that such announcement be made as early in the day as possible.

Very truly, yours,

(Signed) HOYT A. MOORE.

HARRY BRONNER, Esq.,
Messrs. Hallgarten & Co., 5 Nassau Street, New York.

Exhibit 4.

CONTRACTS OF JUNE 22, 1915, BETWEEN SULZBERGER & SONS CO., THE SULZBERGERS, AND THE BANKERS, WITH OTHER DOCUMENTS RELATING THERETO.

New York City, *June 22, 1915.*

The Chase National Bank,
Guaranty Trust Company of New York,
Messrs. Hallgarten & Co., and
Messrs. William Salomon & Co.,
New York City.

Dear Sirs: We are writing this letter for the purpose of confirming our arrangement with you respecting provision for our financial requirements.

Subject to the conditions hereinafter stated, we are to sell and you are (if you elect to undertake the hereinafter called "larger transaction") to endeavor to form a Syndicate to purchase:

1. Twelve million dollars ($12,000,000), principal amount of our Six Per Cent. First Mortgage Twenty-Year Sinking Fund Gold Bonds (hereinafter called the Twenty-Year Bonds), secured by a first mortgage upon

(a) The manufacturing plants and equipment, branch house properties and other physical properties of the following companies (except certain unimportant properties not used in connection with their respective businesses):

Sulzberger & Sons Company,
Sulzberger & Sons Company of Oklahoma,
Pacific Coast Beef & Provision Company,
The Sulzberger & Sons Company of America,
Pennsylvania Investors Company, and
Turtle Bay Investors Company,

and

(b) Our holdings (except directors' qualifying shares) of all of our subsidiary companies of any importance, at least a majority of whose outstanding capital stock we own, such companies being as follows:

Albert Lea Packing Company, Incorporated,
Mississippi Packing Company, Incorporated,
South Dakota Provision Company,
Frigorifico Argentino Central,
Sulzberger Products Company,
Archer & Sulzberger, Limited,
Schwarzschild & Sulzberger Company of Louisiana,
John Reardon & Sons Company,
Standard Beef Company,
Sulzberger & Sons Aktion Gesellschaft,
Central Products Corporation,
Merchants Cold Storage & Warehouse Company,
Empire Provision & Produce Company,
Royal Leather Company,
Central Rendering Corporation,
General Rendering Company,
Union Lard Corporation,
Lackawanna Live Stock Transportation Company, and
Cold Blast Transportation Company.

The total principal amount of the Twenty-Year Bonds to be authorized to be issued under the mortgage shall be twenty-million dollars ($20,000,000). The mortgage shall provide for sinking fund payments on or before June 30 in each year, beginning with the year 1917, in the following percentages of the maximum principal amount of Twenty-Year Bonds which shall have been issued under the mortgage at the date on which the respective payments shall be made: two per cent. (2%) in each of the first five years, beginning with the year 1917; two and one-half per cent. (2½%) in each of the next five years; and three per cent. (3%) in each of the remaining years of the term of the Twenty-Year Bonds. Such sinking fund payments shall be applied to the redemption or purchase (at not more than the redemption price) of Twenty-Year Bonds which are to be canceled. The Twenty-Year Bonds shall be redeemable in whole or in part at our option, on any semi-annual interest day, upon suitable notice, at 105 and accrued interest, and, in case less than all are to be redeemed, those to be redeemed shall be chosen by lot.

Eight million dollars ($8,000,000), principal amount, of the Twenty-Year Bonds of said authorized issue shall be reserved to be issued under suitable provisions to be contained in the mortgage (a) against expenditures for improvements, betterments and extensions in respect of the properties at the time subject to the mortgage or owned by companies practically all of whose common capital stock shall at the time be subject thereto, or for the acquisition of additional properties by any company any property of which, or practically all of the common capital stock of which, shall at the time be subject to the mortgage, or of additional shares of the capital stock of any such company or of any company engaged in a business similar to that of any such company (provided, in the latter case, that a majority of the common capital stock of such company shall immediately be subjected to the mortgage), but only to the extent of seventy-five per cent. (75%) of the expenditures mentioned in the foregoing subdivision (a), or (b) for the discharge of any of the liens set forth in Schedule A hereinafter referred to or of any liens against any after acquired property which may be subject to the mortgage; provided that all such properties and all such shares of stock so acquired shall be subjected to the mortgage, and that, in case any such expenditures shall be made for additional properties which shall be subject to any liens other than the lien of the mortgage, the amount of reserved Twenty-Year Bonds that may be issued against the expenditures therefor shall be the amount obtained by subtracting the amount of such other liens from seventy-five per cent. (75%) of the sum of such expenditures and the amount of such other liens, but in that case the amount of Twenty-Year Bonds that may thereafter be issued against the discharge of such other liens shall equal the amount thereof.

The mortgage shall contain suitable provisions (1) against the creation of additional liens upon the plants and real property of the subsidiary companies whose capital stocks are pledged under said mortgage, and (2) against the borrowing of moneys by said Lackawanna Live Stock Transportation Company or said Cold Blast Transportation Company from others than Sulzberger & Sons Company or its said subsidiary companies; but this latter restriction shall not prevent either of said two companies from buying additional equipment on credit in whole or in part, or from securing the payment of the whole or any part of the purchase price thereof by a lien thereon, or from borrowing money to pay the whole or any part of the purchase price thereof and securing the payment of the moneys so borrowed by such a lien.

2 Five million dollars ($5,000,000), principal amount of our Ten-Year Six Per Cent. Sinking Fund Gold Debentures (hereinafter called the Ten-Year

that the examination upon the outcome of which this transaction was dependent might require months, and that, if finally the Banking Group should decide not to carry through the transaction the Company would be left in a very dangerous financial position, in view of the maturity on June 1, 1916, of its $8,100,000 of debentures and the growing insistence of the banks that provision for the payment of those debentures be made as a condition to continuing the credits which the Company had theretofore enjoyed.

To meet this situation, it was finally arranged with the Banking Group that, without abandoning the larger financial plan, they would make a firm and unconditional commitment to purchase $9,000,000 of new five-year debentures to take up those maturing on June 1, 1916, provided the audit by Messrs. Price, Waterhouse & Co. confirmed the statements of the Company's Auditor regarding the profits for the fiscal year ended December 26, 1914. Messrs. Price, Waterhouse & Co. made their audit as expeditiously as possible and reported the profits for the year in question to be slightly larger than those which had been reported by the Auditor of the Company. The arrangement with the Banking Group for the firm purchase of the $9,000,000 of debentures on or before May 15, 1916, was thereupon closed.

In the course of these negotiations, the question as to the amount of bonus in common stock which the Banking Group should receive was very fully discussed and it was finally agreed that the bonus should be one-quarter of the common stock of the Company, or 50,000 shares, in case the Banking Group should purchase only the proposed issue of $9,000,000 of new five-year debentures at the agreed price, and that this bonus should be increased to one-third of the common stock, or 66,666 shares, in case the Banking Group should elect to consummate the larger transaction, namely, the purchase of $17,000,000 of new obligations for an aggregate price of about $15,460,000. The arrangement regarding this stock bonus finally took the form of an option to the bankers to purchase the agreed amounts of common stock at $5 per share, and the price to be paid for the obligations to be purchased was proportionately reduced.

The arrangements between the Company and the Banking Group as embodied in the papers finally signed were briefly as follows:

1. The Banking Group made a firm and unconditional agreement to purchase on or before May 15, 1916, $9,000,000 of new five-year debentures, the terms of which were fully stated in the agreement, for $8,075,000, and for this commitment they received the option to purchase 50,000 shares of common stock of the S. & S. Company at $5 per share.

2. The Banking Group were given the privilege of putting through the larger transaction at any time before January 1, 1916, and in that event they were to have the right to purchase 16,666 shares of common stock additional (or 66,666 shares in all) at $5 per share.

3. The investigation of the accounts and property of the Company was to be made under the direction of the Banking Group at the Company's expense.

4. The Banking Group were to be entitled forthwith to elect one-half of the Board of Directors and two executive officers, one of whom was to be Chairman of the Board and the other the chief financial officer.

5. The entire common stock of the Company was to be placed in a Voting Trust for five years, the Voting Trustees to be Messrs. Charles H. Sabin and Harry Bronner, representing the Banking Group, Messrs. Max J. and Germon F. Sulzberger, and Mr. A. Barton Hepburn, the last being selected as the fifth Voting Trustee because of the confidence which all felt in his sense of fairness and the soundness of his judgment.

Upon the execution of this agreement the following announcement was made by the Company with the approval of the Banking Group:

"Sulzberger & Sons Company announce that a Banking Group have contracted for the purchase of a new issue of securities, which will provide the funds for the payment at or before maturity of the Company's $8,100,000 of debentures which mature June 1, 1916."

The effect of the foregoing announcement was to reassure the various banks and since then the Company has been able to secure the necessary credit for its operations.

In due course four of the Board of Directors resigned and Messrs. Potter, Tinker, Bronner, and Walker were elected in their stead, and Mr. Armstrong, the nominee of the Banking Group, was elected Treasurer in the place of Mr. Max J. Sulzberger. All the common stock was placed in a voting trust in accordance with the above-mentioned agreement. The office of Chairman of the Board and that of President (the latter left vacant by the death of Ferdinand Sulzberger) are still unfilled.

The investigation of the accounts and properties of the Company required by the Banking Group occupied several months. It was conducted by Mr. Samuel McRoberts, who was aided by Mr. Joseph F. Flaherty, formerly connected with Armour & Company, as appraiser, and by Messers. Price, Waterhouse & Co. as chartered public accountants.

Mr. Flaherty appraised the value to a going concern of the physical properties of the S. & S. Company and its subsidiary and affiliated companies at about $24,000,000 (after deducting certain mortgages and the par value of preferred stocks in certain affiliated companies held by the public), which was about $2,000,000 in excess of the values at which such properties were carried on the books of the Company.

Messrs. Price, Waterhouse & Co., while supporting the figures of the Company's Auditor for the fiscal year ended December 26, 1914, considerably reduced the amount of earnings of the Company during the previous 4 years and eliminated various additions to surplus which had been made upon the Company's books. The result was to show that for the period of 5 years and 7 months ended October 30, 1915, the earnings from the business, without any deduction for depreciation beyond actual expenditures, exceeded dividends paid upon the preferred stock by only about $66,000. This corresponds with the information given to the Bankers by the Messrs. Sulzberger prior to the closing of the contract with them, which was to the effect that the report of Messrs. Price, Waterhouse & Co. would show that the earnings of the Company since its organization as revised by them would not greatly exceed the dividends on the preferred stock.

The results of the investigation only increased the doubts which the Bankers had for some time entertained as to the efficiency of the management of the Company. The Messrs. Sulzbergers, while defending their management, have at all times expressed their willingness to cooperate in securing a new management, and, if need be, themselves to withdraw as soon as a new management could be found. In the meantime, they have endeavored to manage the Company under the direction of the Board of Directors. The results certainly have not been all that could be desired and there can be no doubt that the management of the Company has been increasingly unsatisfactory to all concerned.

Efforts have been made by all concerned to secure a new President, but no satisfactory man has thus far been found. An earnest attempt was made to secure Mr. Thomas Wilson, President of Morris & Company, with whom negotiations were pending for some weeks. In order to help induce him to come he was offered a salary of $100,000 a year, and the Messrs. Sulzberger agreed to add a long option to him to purchase 20,000 shares of their common stock,

one-half at $5 per share and the other at $8 per share, entirely meeting, as they believed, the wishes of the Banking Group in this regard. Mr. Wilson, however, finally decided that he could not leave Morris & Company. This decision was announced about January 5, 1916.

While the Messrs. Sulzberger felt from the start that it was unlikely that Mr. Wilson would leave Morris & Company, they did all in their power to encourage him to accept the presidency of the S. & S. Company. Mr. Germon F. Sulzberger particularly felt that there was very little hope of securing Mr. Wilson and he was very much impressed with the chaos into which the management of the company was drifting. He knew that the situation would become all the more acute when an unfavorable decision should be received from Mr. Wilson. He knew that the Banking Group were dissatisfied with, and lacked confidence in the existing management and that they had frequently said that they would like very much to be relieved of the responsibility which they were under. He felt that from his own point of view the conditions were very unsatisfactory. He accordingly, upon his own responsibility, sounded Messrs. Armour and Swift, to see if they would not make a firm offer to purchase the assets of the S. & S. Company upon a basis which would insure the payment of all of its debts and the protection of its contracts, payment of the preferred stock at par, and accrued dividends and $5 per share for the common stock. The sale suggested further assumed that some satisfactory arrangement would be made for the sale of the individual holdings of the Messrs. Sulzberger and their father's estate in certain stockyards in which they and their father had invested personally, as the company had been advised that it could not lawfully make the investments.

Mr. Germon F. Sulzberger felt that such a sale would be welcomed by the Banking Group (whose approval, of course, was essential), as relieving them of their responsibilities under the above-mentioned agreement, and that, while it would involve practically a giving away of the Sulzberger family's holdings in the common stock of the S. & S. Company, this was better than a continuation of existing conditions which were unsatisfactory to all concerned and to him in particular.

While the price and financial obligations involved in the proposed transaction seemed to be satisfactory to Messrs. Armour and Swift and they appeared to be willing to make the firm offer suggested, their counsel raised legal difficulties which it seemed impracticable to overcome. Upon his first visit to New York after these talks with Messrs. Armour and Swift, Mr. Germon F. Sulzberger told Mr. Cravath what had taken place and asked Mr. Cravath to explain the situation to the Banking Group, which he did.

It should be added in this connection that Mr. Germon F. Sulzberger's talks with Messrs. Armour and Swift were without the approval of his brother Max or the other representatives of the family stock. They were primarily the result of his own earnest desire to be relieved from what he regarded as a very embarrassing position—that of the chief operating official of the Company without the confidence of his Board of Directors.

Information regarding Mr. Germon F. Sulzberger's talks with Messrs. Armour and Swift and their unsuccessful outcome was communicated to the Banking Group about January 4, 1916. At that time no answer had been received from Mr. Wilson upon the proposal which had been made to him to become the Company's President. An answer was expected almost daily, but, as already stated, the Messrs. Sulzberger felt that it would probably be unfavorable. On the following day the Messrs. Sulzberger were informed that Mr. Wilson had declined the Presidency of the Company, but that on behalf of the Morris Estate he was prepared to renew negotiations for the consolidation of Morris

& Company and the S. & S. Company which had been abandoned some months before because the terms then proposed by the Morris interests were deemed both by the Bankers and the Messrs. Sulzberger to be unacceptable.

The Messrs. Sulzberger were not informed of the terms of the proposed consolidation which had been under discussion between the Banking Group and the Morris interests through the intermediary of Mr. McRoberts until Tuesday, January 11, 1916, when Messrs. Bronner and Walker informed the Messrs. Sulzberger that, subject to certain conditions and reservations, Mr. Wilson thought a consolidation would be feasible upon substantially the following terms:

The consolidated enterprise to have the following securities:

First Mortgage 4½% bonds, secured by first mortgage upon the Morris & Company properties	$16,800,000
General Mortgage 6% bonds, secured by first mortgage upon the S. & S. Company properties and a second mortgage upon the Morris & Company properties	20,000,000
7% Cumulative Preferred Stock	27,000,000
Common stock	30,000,000
The Morris interests to receive:	
First Mortgage Bonds on the Morris & Company properties	5,500,000
Cash	8,000,000
Preferred stock	17,000,000
Common stock	7,500,000
First mortgage Bonds on the Morris & Company properties (already issued)	11,300,000
To be issued or outstanding against the Sulzberger interests:	
Preferred stock (now outstanding)	10,000,000
Common stock	22,500,000

The plan requires that $20,000,000 of new 6% bonds be purchased by the Banking Group for cash, the amount remaining after providing $8,000,000 in cash for the Morris interests to be available for the treasury of the New Company. These bonds are to be secured by a first mortgage on the S. & S. Company properties and a second mortgage on the Morris & Company properties.

It was then stated that it was a part of the plan and the desire of Mr. Wilson that the Sulzberger family should have no interest in the common stock of the New Company and that to this end they should give the Banking Group an option (to continue until the transaction was closed) to purchase the entire common stock of the S. & S. Company. The Messrs Sulzberger were asked to name a price at which this option would be given. In the discussion which followed, the view was expressed by Messrs. Bronner and Walker that, inasmuch as Mr. Germon F. Sulzberger had indicated a willingness to have the assets of the S. & S. Company sold to Messrs Armour and Swift at a price which would yield $5 a share for the common stock, they should give an option to the Banking Group at that price, the Banking Group to be free to make as large a profit as they could from the transaction, after providing for any commissions that might have to be paid and making a suitable allowance for the compensation of bankers for purchasing the $20,000,000 of new 6% mortgage bonds, which it was stated might have to be purchased from the consolidated company at a price in excess of that at which they could be sold in the market.

At a conference held in the afternoon of Friday, January 14, 1916, it was suggested to the Messrs. Sulzberger by Messrs. Bronner and Walker that the

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Messrs. Sulzberger keep about $5,500,000 par value, of the new common stock and give to the Banking Group an option on $14,450,000 par value, thereof at $5 per share. This suggestion assumed that the remaining $2,500,000 out of the $22,500,000 of common stock would go to Mr. Wilson.

It is not even been proposed that the Banking Group should make a firm purchase of the common stock at $5 per share and take the risks of the future. The Sulzberger family are being asked simply to give an option to be available to the Banking Group in case the proposed consolidation is effected.

While the Messrs. Sulzberger are disposed in every reasonable way to encourage and facilitate the proposed consolidation, and while they are willing to efface their own personalities and to have no personal connection with or participation in the new enterprise, they feel that the Sulzberger family can not fairly be required to give an option upon their stock at a nominal price. On the contrary, they think that they are fairly entitled to share on behalf of their stock in the benefits of the consolidation which would accrue to the common stock of the S. & S. Company. Their position more fully stated is as follows:

1. They recognize that the Banking Group are entitled to fair, and indeed liberal compensation for their efforts in bringing about the proposed consolidation and for financing the purchase of the $20,000,000 of new 6% mortgage bonds. They feel, however, that this compensation should be measured by the standards usually applied in such cases and that a fair indication as to what that compensation should be is found in the agreement made some months ago that the Banking Group would receive a third of the common stock for the purchase of $12,000,000 of mortgage bonds and $5,000,000 of debentures ($17,000,000 in all) at an aggregate price (including $5 per share for the stock) of about $15,460,000. They recognize that the amount of the new bonds required to be purchased under the consolidation may be somewhat greater, but, on the other hand, they will be a much more marketable and satisfactory security than any that could have been issued by the S. & S. Company alone. It will be remembered that one reason given by the Banking Group for the large stock bonus in connection with the prior transaction was that of the $17,000,000 of new securities probably only the $12,000,000 of mortgage bonds could be marketed promptly, and that the $5,000,000 of debentures would probably have to be carried for a considerable time before they could be marketed.

2. The willingness of Mr. Germon F. Sulzberger to get rid of the uncertainties and embarrassments of the situation as it existed a few weeks ago which was indicated by his suggesting a sale of the assets of the S. & S. Company at a price which would yield $5 a share for the common stock plus a satisfactory provision for the stockyards investments above mentioned can not fairly be taken as a basis for measuring the profit to the Banking Group growing out of the proposed consolidation or as a basis for the claim on the part of the Banking Group that the Sulzberger family should sell out to them on that basis leaving them free to take to themselves practically the entire profit on the proposed consolidation to the S. & S. Company common stock. There are several reasons for this view. One is that Mr. Germon F. Sulzberger's willingness to sell was based very largely on personal reasons and was not concurred in by his brother Max and the other representatives of the family stock. Another is that Germon F. Sulzberger's willingness to sell out under certain conditions is no reason why he should be required by the Banking Group to give to them an option to buy out on the same basis as part of a transaction which promises a very satisfactory outcome and a very large profit.

3. While it is undoubtedly true that the Banking Group's connection with the Company did much toward reestablishing its credit and toward making the proposed consolidation possible, it must be remembered that these are the very results which were contemplated by the arrangement of last June and which induced the Messrs. Sulzberger to give an option at $5 per share on a quarter of their common stock to the Banking Group which was to be increased to one-third in case the larger transaction were consummated. Now that the very results which were intended to be accomplished by the arrangements seem likely to be realized (although in somewhat different form from that originally contemplated, but in a form which is more advantageous to all interests), that is no reason why the Sulzberger family should now give up the bulk of their common stock at a nominal price in order to make it possible for the Banking Group to realize practically the entire profit of the transaction.

4. The contemplated profits of the proposed consolidation, favorable as it is to the Morris interests, are still large enough to provide liberal compensation for the Banking Group without requiring the sacrifice of the share of the Sulzberger family. The discussions which have heretofore taken place indicate a prosperous career for the new company and probable liberal earnings for the common stock. We understand that the Banking Group think the common stock is likely to have a value in the near future of perhaps 50 dollars per share and that in time it may be worth very much more than that. But whether the value of the stock be assumed to be $50 per share or $25 per share, there is a basis for amply compensating the Bankers without sacrificing the interests of the Sulzberger family.

It is submitted that adequate compensation having been provided for the Banking Group, the new securities representing the S. & S. Company equity should go to the Sulzberger family who are the owners of the equity in the S. & S. property and that they are none the less entitled to it by reason of the fact that, had it not been for the proposed consolidation, their investment would have been in grave jeopardy. It is a matter of common occurrence that enterprises in financial distress are saved by the successful aid of bankers, with the result that the equity of the owners, which in their desperation they would have sold for a song, suddenly comes to be of great value. We believe that the sound principle to be applied in every such case is that, while the bankers who help save the property are entitled to liberal compensation, the owners of the property are entitled to the logical benefits of the transaction after deducting such compensation.

It is to be borne in mind that the S. & S. Company, being protected by the firm agreement of the Banking Group to purchase $9,000,000 of its debentures on or before May 15, 1916, ought not to be considered in a precarious financial condition nor dependent for its salvation on the proposed consolidation. Conceding the present management to be unsatisfactory, there is no reason why an effective management can not be provided with the aid of the Board of Directors and the Voting Trustees, and under such management the Company could prosper and be able eventually to carry through a comprehensive financial plan and be in a position to pay dividends on its common stock.

Sulzberger & Sons Company.

Statement from Max J. and G. F. Sulzberger.

Our arrangement with the Bankers was that for financing the extension of our $8,000,000 debentures they were to receive one quarter ($5,000,000) of our

$20,000,000 of common stock, this to be increased to a third ($6,666,000) in case the so-called "larger plan," involving an aggregate of about $17,000,000 of new debentures and bonds was carried through.

We originally agreed upon the price to be paid by the Bankers for the new debentures upon the assumption that $5,000,000 of stock would be given as a bonus, but this was finally changed by reducing the amount which the Bankers are to pay for the new debentures by $250,000 and giving them an option on the $5,000,000 of stock at $5 per share, which runs to May 15th. A similar option on 16,666 shares additional expired on January 1st.

Replying upon the firm contract of the Bankers to at least finance the extension of our debentures, we gave them a majority of the Voting Trustees, half of the Board of Directors and elected a Treasurer of their choice and agreed to elect a President of their choice when one could be found. We have also agreed that if necessary to protect the Company's position in Great Britain we will retire as Vice Presidents.

Recently, when it was desired to secure Mr. Wilson as President, we were informed that in order to interest him it was necessary to give him an opportunity of buying a substantial amount of common stock at a low price, and we acceded to the suggestion of the Bankers and offered to give him an option on 10,000 shares of stock at $5 per share and 10,000 more at $8 per share.

As a result of the negotiations, which we have done all in our power to aid, it is now proposed to effect a consolidation between our company and the Morris Company under which all the new bonds and preferred shares are either to go to the Morris interests or be used to provide cash for the new company, our own preferred stock, of course, being recognized in the arrangement. Of the $30,000,000 of common stock, as we understand, $7,500,000 is to go to the Morris interests and $22,500,000 to the Sulzberger interests.

We recognize that to effect the combination the Bankers may be required to purchase about $20,000,000 of new bonds and that they will be entitled to compensation for that financing, but we point out that this financing is probably a more desirable transaction than the separate financing of our own company, for which the Bankers were to receive $6,666,000 of common stock. In other words, it seems to us that the 66,600 shares of our common stock already agreed upon as compensation for the Bankers should be their compensation for the financing which the combination requires.

The question presented is what is a fair distribution of the $22,500,000 of new common stock which comes to the Sulzberger side of the transaction? By this we mean the Sulzbergers and the Bankers considered together as practically owning the entire common stock of the Sulzberger & Sons Company. It seems to us that the proper division, after providing for any expenses and necessary deductions for outsiders, would be one-third to the Bankers (corresponding to the one-third of the stock upon which they were given an option at $5 per share) and the other two-thirds to us.

We are now asked to give a cash option to the Bankers upon our entire share of the common stock of the new company. We feel very strongly that this should not be asked of us. We feel that we should be entitled to share in the benefits of the transaction with the Bankers, who are our associates in the ownership of the common stock. If there is objection to our having a voice in the new company, we are perfectly willing that the voting power in respect of the stock which comes to us should be vested in whomsoever our banking associates deem best, and if it is necessary that any portion of the new common stock should be sold to the Morris interests to insure the success of the plan, we are willing to join with our banking associates in furnishing stock for the purpose, but we don't think that as a condition to the

business we should be required to sell our own stock to our banking associates except to such extent as, with full knowledge of the situation, we may voluntarily elect to avail ourselves of any opportunities of sale that may be offered.

ADDED BY G. F. SULZBERGER:

I presume that it will be said that my recent willingness to sell all the common stock at $5 a share to Armour and Swift should be taken as an indication of what we should do now. I can not accept this view. Realizing that our banking friends as well as ourselves were dissatisfied with the existing situation, I endeavored a few days ago to interest Armour and Swift on the basis of their liquidating the company, paying off the preferred stock at par, paying $5 per share for all of the common stock, including that held by the Bankers, and making some satisfactory adjustment of our individual holdings in stockyards enterprises.

I do not think my willingness to make this transaction (which did not have the concurrence of my brother Max and the other Trustees) should be taken as an argument in favor of our selling our stock to our banking associates in connection with the Morris trade any more than the not infrequent statements of our banking associates that they would be glad to get out of the situation and be relieved of responsibility without profit should be used as an argument against their receiving a full and fair participation in the profits of the proposed trade.

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Replying upon the firm contract of the Bankers to at least finance the extension of our debentures, we gave them a majority of the Voting Trustees, half of the Board of Directors and elected a Treasurer of their choice and agreed to elect a President of their choice when one could be found. We have also agreed that if necessary to protect the Company's position in Great Britain we will retire as Vice Presidents.

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As a result of the negotiations, which we have done all in our power to aid, it is now proposed to effect a consolidation between our company and the Morris Company under which all the new bonds and preferred shares are either to go to the Morris interests or be used to provide cash for the new company, our own preferred stock, of course, being recognized in the arrangement. Of the $30,000,000 of common stock, as we understand, $7,500,000 is to go to the Morris interests and $22,500,000 to the Sulzberger interests.

We recognize that to effect the combination the Bankers may be required to purchase about $20,000,000 of new bonds and that they will be entitled to compensation for that financing, but we point out that this financing is probably a more desirable transaction than the separate financing of our own company, for which the Bankers were to receive $6,666,000 of common stock. In other words, it seems to us that the 66,600 shares of our common stock already agreed upon as compensation for the Bankers should be their compensation for the financing which the combination requires.

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business we should be required to sell our own stock to our banking associates except to such extent as, with full knowledge of the situation, we may voluntarily elect to avail ourselves of any opportunities of sale that may be offered.

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I do not think my willingness to make this transaction (which did not have the concurrence of my brother Max and the other Trustees) should be taken as an argument in favor of our selling our stock to our banking associates in connection with the Morris trade any more than the not infrequent statements of our banking associates that they would be glad to get out of the situation and be relieved of responsibility without profit should be used as an argument against their receiving a full and fair participation in the profits of the proposed trade.

Exhibit 6.

MEMORANDUM DICTATED BY ELISHA WALKER—PROPOSED CONSOLIDATION OF MORRIS & CO. AND SULZBERGER & SONS CO., SEPTEMBER 20, 1915.

September 20, 1915.

Private.

Memorandum, Dictated by Mr. Walker.

PROPOSED CONSOLIDATION OF MORRIS & CO. AND SULZBERGER & SONS CO.

Morris & Co. have an authorized issue of $25,000,000. First Mortgage 4½% Bonds, of which $12,500,000 have been issued but at present only $11,300,000 are outstanding, the balance having been retired by sinking fund. Morris & Co. are capitalized at $3,000,000 common stock and have a surplus (including certain reserves which are said to be unnecessary) of about $32,000,000. The Company is borrowing approximately $10,000,000 on short-term paper, but is owed $2,000,000 by the Morris Estate.

Sulzberger & Sons Co. have a total indebtedness of about $32,000,000, including the Debentures maturing next year. They also have outstanding approximately $10,000,000 of preferred stock and $20,000,000 common stock.

The average net earnings of Morris & Co. for 1912, 1913, and 1914 after payment of all interest and sinking funds have been about		$2,000,000
Add to this interest charges of about		1,100,000
Sinking Fund of		200,000
Undivided earnings of subsidiary companies (the entire capital stocks of which are owned by Morris & Co.) are reported to be about		700,000
Making total average earnings before interest, as estimated by Mr. Wilson, of		4,000,000
If Morris Co. were bought on a 9% gross earnings basis, this would mean that the property would be worth about	$45,000,000	
Deducting from this the Company's bonds of	11,300,000	
and its borrowings of about	10,000,000	
		21,300,000
would leave a price of		23,700,000

for the stock. For convenience, call this amount $25,000,000.

It is proposed that a new company be formed to take over the entire assets and physical properties of both companies, or that one company acquire the

other. In the latter case there are certain advantages in having the Sulzberger Company take over the Morris Company, even though it may be advisable to change the Sulzberger name to, say, the Morris Packing Company.

Based on the Sulzberger Company taking over the Morris Company, or a new company being formed, it would probably be advisable to close the present issue of Morris & Company 4½s and issue a new mortgage which would be a first lien on the Sulzberger properties and a second lien on the Morris properties. If any additional Morris bonds can be issued on the present properties, as is understood to be the case, it may be advisable to have them placed in the treasury of the company or else given as part compensation for the acquisition of the Morris properties. This matter should be looked into promptly, as Mr. Wilson seemed to be of the opinion that a substantial amount of bonds could be issued for property already acquired.

I should think it advisable to make the new authorized issue of First & Refunding Bonds $50,000,000, limiting the rate of 6%. Such bonds as are issued to the Morris interests might be issued at 4½% as the bonds should be practically as good as the present Morris bonds. It is suggested that $6,250,000 bonds and $18,750,000 new preferred stock be issued in payment for the Morris property.

As the Morris Estate owes the Morris Company $2,000,000, the Bankers would thus have to raise $13,000,000 for the requirements of the Sulzberger Company. This could be done through the issuance of $14,450,000 of the new bonds, making the total bonds outstanding (including the Morris issue) $32,000,000. Figuring on the above issuance of securities there would thus be outstanding $11,300,000 of the Morris 4½s, $20,700,000 of the new First & Refunding Bonds, and $28,750,000 Preferred Stock, including $10,000,000 to exchange for the present Sulzberger Preferred stock. The amount of common stock could be determined at a later date when the earnings are more fully known. The earnings as estimated by Mr. Wilson would indicate that $40,000,000 of common stock could be issued as indicated below.

The average earnings of Morris & Co. before interest as estimated by Mr. Wilson have been, say, $4,000,000 per year. On a similar basis Sulzberger earnings should be about $3,000,000 per year (this is somewhat less than the actual earnings last year, but larger than the average of recent years). In addition to this Mr. Wilson estimated that the combined earnings would be increased at least $1,000,000, making total earnings for the combination of $8,000,000. The interest charges of the new Company, figuring 6% on the new bonds and including interest on the floating debt, should be about $2,850,000 per year, leaving $5,150,000 available for sinking fund and dividends on the preferred stock. Allowing sinking funds of, say, $600,000, would leave a surplus of $4,550,000, or over twice the dividend on the preferred stock ($2,012,500). The surplus for the common stock would thus be $2,537,500, or approximately 6% on $40,000,000 stock.

According to the above plan no new Common stock would go to the Morris interests, leaving this $20,000,000 increase in stock to go to the Bankers in that it is proposed that the Sulzbergers should exchange their present common stock par for par. The Bankers would also have the benefit of their present options on Sulzberger Common stock.

Wk.H.

EXHIBIT 7.

CONTRACTS EMBODYING FINAL TRANSACTION BETWEEN SULZBERGER & SONS CO., THE SULZBERGERS AND THE BANKERS, MARCH 11, 1916.

NEW YORK CITY, *March 11, 1916.*

GUARANTY TRUST COMPANY OF NEW YORK,
Messrs. HALLGARTEN & Co. and
Messrs. WILLIAM SALOMON & Co.,
New York City.

DEAR SIRS: Sulzberger & Sons Company proposes to create an authorized issue of Twenty-five million dollars ($25,000,000), principal amount, of First Mortgage Twenty-five Year Sinking Fund Gold Bonds (hereinafter called the New Bonds), to be dated April 1, 1916, to bear interest at the rate of not exceeding six per cent. per annum from date, and (subject to an increase in the term of the bonds, if you shall desire it) are to be payable April 1, 1941. The payment of the principal and interest of the New Bonds is to be secured, directely or indirectly in manner and form approved by your counsel, by first mortgage upon

(a) The manufacturing plants and equipment, branch house properties, and all other properties of the following companies which you shall desire to have covered by the mortgage (including patents, trade marks, trade names, brands and processes, but excepting cash and quick assets, as defined in said mortgage, certain unimportant properties not used in connection with their respective businesses, and horses, wagons, trucks, harnesses, and other similar equipment):

Sulzberger & Sons Company,
Sulzberger & Sons Company of Oklahoma,
Pacific Coast Beef & Provision Company, and
The Sulzberger & Sons Company of America.

All the outstanding capital stocks of the foregoing (except Sulzberger & Sons Company) shall also be pledged under said mortgage.

(b) Our holdings (except directors' qualifying shares) of all of our subsidiary companies of any importance, at least a majority of whose outstanding capital stock we own, such companies being as follows:

Albert Lea Packing Company, Incorporated,
Mississippi Packing Company, Incorporated,
South Dakota Provision Company,
Frigorifico Argentino Central,
Sulzberger Products Company,
Archer & Sulzberger, Limited,
Schwarzchild & Sulzberger Company of Louisiana,
John Reardon & Sons Company,
Standard Beef Company,
Central Products Corporation,
Merchants Cold Storage & Warehouse Company,
Empire Provision & Produce Company,
Central Rendering Corporation,
General Rendering Company,
Union Lard Corporation,

Lackawanna Live Stock Transportation Company,
Cold Blast Transportation Company, and
Pennsylvania Investors Company;

and

(c) A bond of Pennsylvania Investors Company in the principal amount of $200,000 secured by first mortgage upon all of its properties, payable not later than March 30, 1941, with interest at the rate of six per cent. per annum.

Prior to the execution and delivery of the mortgage, the properties of Turtle Bay Investors Company are to be vested by merger or otherwise in Sulzberger & Sons Company.

The principal and interest of the New Bonds are to be payable in United States gold coin of or equal to the present standard of weight and fineness, without deduction for any tax or taxes (other than any Federal income tax) which the Company may be required to pay thereon or retain therefrom under any present or future law of the United States of America or of any State, county, municipality or other taxing authority therein.

The New Bonds are to be subject to redemption, in whole or in part, at the option of the Company, at 107½ and accrued interest on any interest date, upon eight weeks' previous notice.

The mortgage under which the New Bonds are to be issued is to provide for sinking fund payments to be made in each year beginning with the year 1917 of two per cent. of the principal amount of New Bonds outstanding under the mortgage at the date one which the respective payments shall be made, each such payment to be made ninety days prior to the first interest date in the next succeeding calendar year, the sinking fund to be applied to the redemption or purchase (at not more than the redemption price) of New Bonds, which are to be canceled. At your option, the annual sinking fund payment may be one per cent. instead of two per cent., but in that case the bonds acquired by purchase or redemption through the operation of the sinking fund shall be kept alive in the sinking fund and the interest thereon added to the sinking fund.

The Company proposes presently to issue Fifteen million dollars ($15,000,000), principal amount, of the New Bonds, which shall bear interest at the rate of six per cent. per annum, the proceeds thereof to be used for the retirement of all of its outstanding Debentures which mature on June 1, 1916 (and the mortgage to make suitable provision assuring this), and to provide for additional working capital. The remaining Ten million dollars ($10,000,000), principal amount, of the New Bonds are to reserved to be issued under suitable provisions satisfactory to you to be contained in the mortgage against expenditures made after January 1, 1916,

(a) in the construction or acquisition of additional properties or of improvements, betterments and extensions to or about property at the time subject to the mortgage; or

(b) in financing the construction or acquisition by subsidiary companies of additional properties or the improvements, betterments and extensions to or about the property of subsidiary companies; or

(c) in acquiring additional stocks or securities of any of the subsidiary companies, or of other companies engaged in similar or kindred business; or

(d) in the payment or acquisition of any of the liens set forth in Schedule A, hereinafter referred to, or of any liens upon any after-acquired property which may be subject to the mortgage or upon the property of subsidiary companies;

but only to the extent of 75% of the expenditures made for the purposes mentioned in subdivisions (a), (b) and (c).

The mortgage shall, in addition to other usual covenants, contain suitable provisions (1) against the creation of additional liens upon the plants and real property of subsidiary companies whose capital stocks are pledged under the mortgage, but this restriction shall not prevent T. M. Sinclair & Company, Limited, from placing a mortgage upon its property in connection with any financing it may do; (2) against the borrowing of moneys by said Lackawanna Live Stock Transportation Company or said Cold Blast Transportation Company from others than Sulzberger & Sons Company or its said subsidiary companies; but this latter restriction shall not prevent either of said two companies from buying additional equipment on credit in whole or in part—or from securing the payment of the whole or any part of the purchase price thereof by a lien thereon, or from borowing money to pay the whole or any part of the purchase price thereof and securing the payment of the moneys so borrowed by such a lien; and (3) against the declaration of dividends by the Company upon its common stock unless the aggregate quick assets of the Company and its subsidiary companies (as defined in the mortgage) shall at least equal the aggregate amount of their indebtedness, including the New Bonds then outstanding, but excluding indebtedness between them or any of them.

We hereby offer to sell to you Twelve million five hundred thousand dollars ($12,500,000), principal amount, of the New Bonds, which shall bear interest at the rate of six per cent. per annum, to be delivered to you as soon as practicable, but not later than May 20, 1916, against payment therefor at the price of ninety and accrued interest to the date of delivery, and confirm that, conditional upon your acceptance of this offer, we have given to you an option until March 1, 1917, to purchase all or any part of Two million five hundred thousand dollars ($2,500,000), principal amount, additional New Bonds bearing interest at the same rate at the price of ninety-five and accrued interest.

It is understood that, upon your acceptance of this offer, your obligation to purchase said Twelve million five hundred thousand dollars ($12,500,000), principal amount, of the New Bonds, and your rights in said option, shall be several in the following proportions:

Guaranty Trust Company of New York	forty (40) per cent.
Hallgarten & Co	forty (40) per cent.
William Salomon & Co	twenty (20) per cent.

We understand that relying on this offer you have caused your counsel to begin, and will cause them to continue, work in respect of the form of the mortgage, the titles to the properties to be covered thereby, and other legal matters involved, and accordingly this offer will remain open and can not be withdrawn by us until three o'clock in the afternoon of the 18th day of March, 1916; but unless written acceptance from each of you is delivered to us at our office, 816 First Avenue, New York City, at or before that time, this offer will be deemed to be withdrawn and will no longer be open.

In case engraved New Bonds shall not be ready for delivery when you make payment, we will deliver to you temporary bonds or receipts of a Trust Company against such bonds.

The form and terms of New Bonds and of the mortgage, in so far as not inconsistent herewith, shall be satisfactory to you and your counsel, and evidence satisfactory to you shall be furnished that the titles to the properties to be mortgaged or pledged, as well as the principal properties of the companies shares of the capital stock of which are to be pledged under the mortgage, are

valid and are free of mortgage or other liens securing the payment of money except the mortgages mentioned in Schedule A hereto annexed.

The Trustee under the mortgage is to be Guaranty Trust Company of New York, with one or more additional trustees, if necessary, to be agreed upon.

Whenever requested by you we will take such steps as may, on our part, be necessary or proper to cause the New Bonds to be listed upon the New York Stock Exchange and upon such other exchanges as you may desire.

Your obligations to arise from your acceptance hereof will be conditioned upon the delivery to us, simultaneously with such acceptance by you of a letter addressed to us by said Max J. Sulzberger and Germon F. Sulzberger in the form hereto attached, marked "C," and of confirmation thereof by us, also so simultaneously, in the form hereto annexed, marked "D." [1]

We will reimburse you for all amounts paid to your counsel for services and disbursements in connection with the purchase by you from us of the above described bonds.

Your written acceptance of the offer hereby made will constitute a contract between us which will cancel and supersede, in so far as not heretofore executed, the arrangements set forth in letters exchanged between us under date of June 22, 1915, respecting provisions for our financial requirements.

Yours truly,

SULZBERGER & SONS COMPANY,
By M. J. SULZBERGER,
Vice-President.
RUSSELL ARMSTRONG,
Treasurer.

SCHEDULE A.

LIST OF OUTSTANDING LIENS TO SECURE THE PAYMENT OF MONEY ON PROPERTY OF SULZBERGER & SONS COMPANY AND ITS SUBSIDIARIES.

1. On property of Sulzberger & Sons Company:

(a) Three mortgages on property at 315–317 East 45th Street, Manhattan, to secure the payment of sums aggregating $9,500 with interest at 5 per cent. per annum, payable semi-annually.

(b) Mortgage on property corner of Fifth Avenue and Pacific Street, Brooklyn, to secure the payment of $10,000 with interest at 4½ per cent., payable semi-annually.

2. On property of Turtle Bay Investors Company:

(a) Mortgage on property at 836 First Avenue, Manhattan, to secure the payment on August 10, 1917, of $9,000 with interest at 5 per cent., payable semi-annually.

(b) Mortgage on 47th Street Malthouse property to secure the payment on November 21, 1916, of $40,000 with interest at 4½ per cent.

(c) Mortgage on property at 834 First Avenue, Manhattan, to secure the payment of $7,000 with interest at 5 per cent. per annum, payable semi-annually.

(d) Mortgage on property at 838 First Avenue, Manhattan, to secure the payment of $9,000 with interest at 5 per cent. per annum, payable semi-annually.

(e) Mortgage on property at 840 First Avenue, Manhattan, to secure the payment of $6,000 with interest at 4½ per cent. per annum, payable semi-annually.

3. On property of John Reardon & Sons Company:

Mortgage on Cambridge property, given by Edward Reardon, as Trustee, to Clinton Savings Bank, dated September 21, 1897, to secure the payment of a

[1] A letter corresponding to the attached form "C" was written by M. J. and G. F. Sulzberger, March 18, 1916, and was acknowledged by the company on the same date by a letter corresponding to form "D."—*Federal Trade Commission.*

he will undertake the management of said Company under the direction of its board of directors, and that it will be necessary (1) that there be transferred and delivered to him, as part of the consideration for his entering into said contract, voting trust certificates for One million five hundred thousand dollars ($1,500,000), par value, of the common stock of said Company; and (2) that he shall be granted an option for a period of five years to purchase voting trust certificates for Three million five hundred thousand dollars ($3,500,000), par value, of the common stock of said Company, at the rate of Ten dollars ($10) for each share of such common stock, with a firm obligation on his part to purchase in each of said five years voting certificates for at least Two hundred and fifty thousand dollars ($250,000), par value, of said common stock covered by said option. The agreement covering said option shall provide that the option price to said Wilson be increased by interest on the unpaid portion of said option price computed semi-annually, at the rate of 4% per annum, and that he shall be entitled to receive during the period of said option all dividends declared on the common stock represented by the voting trust certificates covered thereby. We hereby agree (should said offer of sale of bonds be accepted and such employment contract be made by said Company with said Wilson) to contribute voting trust certificates for one-half of said One million five hundred thousand dollars ($1,500,000), par value, of common stock of said Company so to be transferred and delivered to said Wilson as aforesaid, and also to furnish voting trust certificates for Four hundred and seventy-five thousand dollars ($475,000), par value, of said common stock to be covered by said option. The proceeds of all voting trust certificates which shall be purchased by said Wilson under said option and any interest paid by him pursuant thereto shall be distributed between you on the one hand and ourselves on the other, and our respective successors and assigns, in proportion to the amount of voting trust certificates which you and we, respectively, shall contribute to the Three million five hundred thousand dollars ($3,500,000), par value, of voting trust certificates covered by said option. Any voting trust certificates not purchased by said Wilson pursuant to the terms of said option shall at the expiration thereof be distributed between you, on the one hand, and ourselves, on the other, and our respective successors and assigns, in the proportions aforesaid.

Pending the acceptance of this offer we have deposited with Guaranty Trust Company of New York voting trust certificates duly endorsed in blank for said Twelve million dollars ($12,000,000), par value, of said common stock to be delivered to you upon the payment to said Trust Company for our account, on or before May 22, 1916, of said sum of Six hundred and one thousand five hundred dollars ($601,500), provided that prior to said date (1) you shall have accepted delivery of, and paid for, said Twelve million five hundred thousand dollars ($12,500,000), principal amount, of said bonds; (2) said employment agreement between said Wilson and said Company shall have been executed and delivered and (3) said Company shall have accepted the offer contained in a letter to be written by us to it in the form attached to said letter from it to you of even date herewith, marked "C," such acceptance to be in the form also attached thereto, marked "D." In case said conditions for the delivery of said voting trust certificates shall not have been complied with on or before said date, then they shall immediately thereafter be redelivered without charge to us.

Said offers being accepted, whenever requested by you we are to cooperate with you and with said Company and its board of directors in listing on the New York Stock Exchange and on such other exchanges as you may desire both the common and preferred stock of said Company or the voting trust

certificates issued therefor. We, however, are not to be put to any expense in connection with any such listing.

Simultaneously with the delivery of, and payment for, said voting trust certificates for said Ten million and seven hundred and seventy-five thousand dollars ($10,775,000), par value, of said common stock, we are to resign as Voting Trustees under the Voting Trust Agreement, dated July 29, 1915, under which said voting trust certificates were issued and you are to cooperate with us (and we will do our part) in causing said Voting Trust Agreement to be modified so as to provide, in substance, (1) that any vacancy among the Voting Trustees under said Voting Trust Agreement may be filled by a person designated by a majority of the remaining Voting Trustees, and (2) that the Voting Trustees will not vote to authorize the dissolution of Sulzberger & Sons Company or the sale or other disposition of the whole or the greater part of the properties unless with the consent in each instance, given as in Article Tenth of said Voting Trust Agreement, provided, of the holders of voting trust certificates in respect of at least two-thirds of the common stock of said Company at the time subject to said Voting Trust Agreement. In order that the modified voting trust agreement may become effective as to outstanding voting trust certificates, all such certificates shall either be exchanged for new certificates referring to the modified agreement or shall be stamped with a reference to such modified agreement.

Your written acceptance of the offer hereby made will constitute a contract between us which will cancel and supersede, in so far as not heretofore executed, the arrangements made between each of you and The Chase National Bank, respectively, on the one hand, and us, on the other, covering, among other things, the granting to you and said Bank of options to purchase Sixty-six thousand six hundred and sixty-five (66,665) shares, in the aggregate, of the common stock of said Sulzberger & Sons Company, or voting trust certificates representative thereof, which arrangements were set forth in letters exchanged between each of you and said Bank, respectively, on the one hand, and us, on the other, under date of June 22, 1915; and you are to secure from said Bank and deliver to us, simultaneously with your acceptance of this offer, an instrument in writing effectively cancelling such arrangements in so far as it is concerned therein.

It is understood that none of the members of the Sulzberger family nor anyone representing them shall sell, other than among themselves, for a period of six months from the date hereof, any of said remaining Eight million dollars ($8,000,000), par value, of voting trust certificates for said common stock; provided, however, that if you, during said period, shall sell any of said voting trust certificates so purchased by you, exclusive of those to be transferred and delivered by you to said Wilson as aforesaid, at less than Twenty dollars ($20), net, for each $100 par value thereof, then the Sulzberger interests may, at their option, contribute voting trust certificates to each such sale to such extent as they may desire, not exceeding eight-fifteenths of the amount of voting trust certificates covered by such sale; but if any such sale shall be made at or above said price, then we shall have the right to contribute, and at your request shall be bound to contribute, thereto eight-fifteenths of the amount of voting trust certificates covered hereby. If, however, you shall enter into an agreement with said Wilson whereby he shall agree that during said period of six months the voting trust certificates to be transferred and delivered to him as aforesaid and the voting trust certificates to be covered by said option shall be subject to the same restrictions as to sale as the voting trust certificates for said common stock owned by the Sulzberger interests, then, in case of any such sale by you during said period at less than said price, the Sulzberger

he will undertake the management of said Company under the direction of its board of directors, and that it will be necessary (1) that there be transferred and delivered to him, as part of the consideration for his entering into said contract, voting trust certificates for One million five hundred thousand dollars ($1,500,000), par value, of the common stock of said Company; and (2) that he shall be granted an option for a period of five years to purchase voting trust certificates for Three million five hundred thousand dollars ($3,500,000), par value, of the common stock of said Company, at the rate of Ten dollars ($10) for each share of such common stock, with a firm obligation on his part to purchase in each of said five years voting certificates for at least Two hundred and fifty thousand dollars ($250,000), par value, of said common stock covered by said option. The agreement covering said option shall provide that the option price to said Wilson be increased by interest on the unpaid portion of said option price computed semi-annually, at the rate of 4% per annum, and that he shall be entitled to receive during the period of said option all dividends declared on the common stock represented by the voting trust certificates covered thereby. We hereby agree (should said offer of sale of bonds be accepted and such employment contract be made by said Company with said Wilson) to contribute voting trust certificates for one-half of said One million five hundred thousand dollars ($1,500,000), par value, of common stock of said Company so to be transferred and delivered to said Wilson as aforesaid, and also to furnish voting trust certificates for Four hundred and seventy-five thousand dollars ($475,000), par value, of said common stock to be covered by said option. The proceeds of all voting trust certificates which shall be purchased by said Wilson under said option and any interest paid by him pursuant thereto shall be distributed between you on the one hand and ourselves on the other, and our respective successors and assigns, in proportion to the amount of voting trust certificates which you and we, respectively, shall contribute to the Three million five hundred thousand dollars ($3,500,000), par value, of voting trust certificates covered by said option. Any voting trust certificates not purchased by said Wilson pursuant to the terms of said option shall at the expiration thereof be distributed between you, on the one hand, and ourselves, on the other, and our respective successors and assigns, in the proportions aforesaid.

Pending the acceptance of this offer we have deposited with Guaranty Trust Company of New York voting trust certificates duly endorsed in blank for said Twelve million dollars ($12,000,000), par value, of said common stock to be delivered to you upon the payment to said Trust Company for our account, on or before May 22, 1916, of said sum of Six hundred and one thousand five hundred dollars ($601,500), provided that prior to said date (1) you shall have accepted delivery of, and paid for, said Twelve million five hundred thousand dollars ($12,500,000), principal amount, of said bonds; (2) said employment agreement between said Wilson and said Company shall have been executed and delivered and (3) said Company shall have accepted the offer contained in a letter to be written by us to it in the form attached to said letter from it to you of even date herewith, marked "C," such acceptance to be in the form also attached thereto, marked "D." In case said conditions for the delivery of said voting trust certificates shall not have been complied with on or before said date, then they shall immediately thereafter be redelivered without charge to us.

Said offers being accepted, whenever requested by you we are to cooperate with you and with said Company and its board of directors in listing on the New York Stock Exchange and on such other exchanges as you may desire both the common and preferred stock of said Company or the voting trust

certificates issued therefor. We, however, are not to be put to any expense in connection with any such listing.

Simultaneously with the delivery of, and payment for, said voting trust certificates for said Ten million and seven hundred and seventy-five thousand dollars ($10,775,000), par value, of said common stock, we are to resign as Voting Trustees under the Voting Trust Agreement, dated July 29, 1915, under which said voting trust certificates were issued and you are to cooperate with us (and we will do our part) in causing said Voting Trust Agreement to be modified so as to provide, in substance, (1) that any vacancy among the Voting Trustees under said Voting Trust Agreement may be filled by a person designated by a majority of the remaining Voting Trustees, and (2) that the Voting Trustees will not vote to authorize the dissolution of Sulzberger & Sons Company or the sale or other disposition of the whole or the greater part of the properties unless with the consent in each instance, given as in Article Tenth of said Voting Trust Agreement, provided, of the holders of voting trust certificates in respect of at least two-thirds of the common stock of said Company at the time subject to said Voting Trust Agreement. In order that the modified voting trust agreement may become effective as to outstanding voting trust certificates, all such certificates shall either be exchanged for new certificates referring to the modified agreement or shall be stamped with a reference to such modified agreement.

Your written acceptance of the offer hereby made will constitute a contract between us which will cancel and supersede, in so far as not heretofore executed, the arrangements made between each of you and The Chase National Bank, respectively, on the one hand, and us, on the other, covering, among other things, the granting to you and said Bank of options to purchase Sixty-six thousand six hundred and sixty-five (66,665) shares, in the aggregate, of the common stock of said Sulzberger & Sons Company, or voting trust certificates representative thereof, which arrangements were set forth in letters exchanged between each of you and said Bank, respectively, on the one hand, and us, on the other, under date of June 22, 1915; and you are to secure from said Bank and deliver to us, simultaneously with your acceptance of this offer, an instrument in writing effectively cancelling such arrangements in so far as it is concerned therein.

It is understood that none of the members of the Sulzberger family nor anyone representing them shall sell, other than among themselves, for a period of six months from the date hereof, any of said remaining Eight million dollars ($8,000,000), par value, of voting trust certificates for said common stock; provided, however, that if you, during said period, shall sell any of said voting trust certificates so purchased by you, exclusive of those to be transferred and delivered by you to said Wilson as aforesaid, at less than Twenty dollars ($20), net, for each $100 par value thereof, then the Sulzberger interests may, at their option, contribute voting trust certificates to each such sale to such extent as they may desire, not exceeding eight-fifteenths of the amount of voting trust certificates covered by such sale; but if any such sale shall be made at or above said price, then we shall have the right to contribute, and at your request shall be bound to contribute, thereto eight-fifteenths of the amount of voting trust certificates covered hereby. If, however, you shall enter into an agreement with said Wilson whereby he shall agree that during said period of six months the voting trust certificates to be transferred and delivered to him as aforesaid and the voting trust certificates to be covered by said option shall be subject to the same restrictions as to sale as the voting trust certificates for said common stock owned by the Sulzberger interests, then, in case of any such sale by you during said period at less than said price, the Sulzberger

interests may, at their option, contribute not exceeding two-fifths of the amount of voting trust certificates covered by such sale and shall have the right to contribute, and at your request shall be bound to contribute in case of sale at or above said price, two-fifths of the amount of voting trust certificates covered thereby.

It is understood that we will cause the record holders of all the outstanding voting trust certificates for common stock of said Sulzberger & Sons Company to consent in the manner provided in said Voting Trust Agreement to the authorization by the Voting Trustees thereunder of the mortgage to secure said bonds, and that we will vote all of the preferred stock in said Company at the date hereof standing on its books in our names or in the names of ourselves and others jointly in favor of such mortgage or will in writing consent thereto in respect of such preferred stock. It is also understood that simultaneously with the acceptance of this offer or prior thereto you will cause the Voting Trustees under said Voting Trust Agreement other than ourselves to write and deliver to counsel for the Company a letter wherein they shall state that they as the holders with us of all the common stock of said company under said Voting Trust Agreement will vote such stock in favor of said mortgage or will consent thereto in respect of such stock. It is further understood that upon request from you we will, simultaneously with the acceptance by you of the offer contained in said letter from said Company to you of even date herewith, sign and deliver to said Company a letter to it in the form attached to said letter from the Company to you marked "C," provided that, simultaneously therewith, said Company shall deliver to us a confirmation thereof by it in the form thereto attached, marked "D."

Yours truly,

[Signed by M. J. and G. F. Sulzberger.]

Confidential.

NEW YORK, *March 11, 1916.*

GUARANTY TRUST COMPANY of New York,
Messrs. HALLGARTEN & Co. and
Messrs. WILLIAM SALOMON & Co.

DEAR SIRS: In our letter of even date containing our offer to sell to you certain voting trust certificates representing common stock of Sulzberger & Sons Company, it is stated that pending the acceptance of the offer contained in such letter we will deposit with Guaranty Trust Company of New York under the conditions stated in said letter voting trust certificates representing $12,000,000 par value of said common stock. In this connection we wish to call your attention to the fact that of said voting trust certificates $5,000,000 par value are now on deposit with Guaranty Trust Company of New York pursuant to the options set forth in certain letters exchanged between us on the part and yourselves and Chase National Bank on the other, all dated June 22, 1915, which options, under the terms of our said letter of even date, will remain in force until the acceptance thereof by you and the delivery to us by Chase National Bank of an instrument in writing canceling on its part the arrangements set forth in said letters of June 22 1915.

The statement, therefore, above referred to that we will deposit voting trust certificates of $12,000,000 par value pending the acceptance of our offer must be construed to mean that we will deposit with Guaranty Trust Company, in lieu of said voting trust certificates representing $5,000,000 par value of common stock, the receipts theretofore issued by the Guaranty Trust Company against the deposit with it of said voting trust certificates representing $5,000,000 of common stock, with authority to hold and deliver said receipts in the manner

provided in our said letter of even date with respect to said voting trust certificates.

Very truly yours,

Signed

NEW YORK, *March 11, 1916.*

Messrs. NATHAN GRABENHEIMER, MICHAEL S. LOEB
and WILLIAM ECKHARDT, *as Trustees.*

DEAR SIRS: The undersigned Max J. Sulzberger and Germon F. Sulzberger, as officers of Sulzberger & Sons Company, believing that it is of vital importance to said Company that a firm contract be entered into at the present time which, by the creation of an indebtedness funded for a period not less than twenty-five years will assure to its funds to take care at maturity of its outstanding Debentures which mature on June 1, 1916, and provide additional working capital, have negotiated with Guaranty Trust Company of New York, Messrs Hallgarten & Co. and Messrs. William Salomon & Co. for a firm contract of purchase of $12,500,000 out of an authorized issue of $25,000,000 of First Mortgage Six Per cent Twenty-Year Sinking Fund Gold Bonds of said Company, with an option to said Trust Company and bankers until March 1, 1917, to purchase $2,500,000 additional of said bonds.

Hereto annexed as " Exhibit A" [1] is a form of letter to be written by said company to said Trust Company and bankers in which are set forth the terms of an offer open or their acceptance within seven days from date which acceptance, if made, will be subject to the condition that the undersigned as individuals shall write a letter in the form hereto annexed marked "Exhibit B"[2] by which the undersigned shall confirm to said Trust Company and bankers that they have sold to them for the sum of $601,500 voting trust certificates for $1,775,000, par value, of the common stock of said Company and have entered into an agreement with said Trust Company and bankers whereby the undersigned are (1) to contribute an additional amount of voting trust certificates for $750,000 par value of common stock of said Company towards a total amount of voting trust certificates for $1,500,000 par value of such common stock (the other $750,000 par value of such voting trust certificates to be contributed by said Trust Company and bankers out of the voting trust certificates, which said Trust Company and bankers are to purchase from us as aforesaid) which shall be transferred and delivered to Mr. Thomas E. Wilson of Chicago in the event and upon the conditions set forth in said form of letter "Exhibit B"; and (2) to furnish another additional amount of voting trust certificates for $475,000 par value of such common stock to be covered by, and form part of the voting Trust certificates subject to, a certain option to be granted to said Thomas E. Wilson to purchase $3,500,000 par value of such voting trust certificates upon the terms and conditions set forth in said form of letter "Exhibit B."

The undersigned believe that the terms set forth in said letter " Exhibit A" are the best that can be secured for said Company and as above stated we are advised that it is of vital importance to said Company that the contract embodied in said letter be made at once.

We refer you to our letter to you of June 22, 1915, and the references therein made to the agreement dated April 8, 1913, under which you with us are acting as trustees and are now holding, subject to certain options to The Chase Na-

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[1] Exhibit "A" evidently refers to a form corresponding to the letter of March 11, to the Bankers, signed by " Sulzberger & Sons Co. By M. J. Sulzberger, Vice-President, Russell Armstrong, Treasurer," which letter appears on p. 277 above.—*Federal Trade Commission.*

[2] Exhibit " B " evidently refers to a form corresponding to the letter of March 11 to the Bankers, signed by M. J. and G. F. Sulzberger, p. 282.—*Federal Trade Commission.*

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tional Bank and said Trust Company and bankers, voting trust certificates for 84,336 shares of the common stock of said company, and the agreement dated May 13, 1913, under which, subject to like options to the same parties, voting trust certificates for 113,664 shares of said common stock are now held for us. We further call your attention to the fact that if said letter "Exhibit B" shall be signed and delivered, all the arrangements heretofore made with the Chase National Bank, Guaranty Trust Company of New York, Hallgarten & Co., and William Salomon & Co., all dated June 22, 1915, shall be canceled and superseded.

We are willing to contribute our part of voting trust certificates for common stock of said Company which it will be necessary to deliver in case said letter "Exhibit B" shall be signed and delivered, but we are unwilling to sign said letter "Exhibit B" unless we may be assured that the trustees under said agreement of April 8, 1913, will also contribute that part of the voting trust certificates for said common stock the deposit and delivery of which will be required if said letter "Exhibit B" shall be signed and delivered as aforesaid, that the number of shares of such common stock represented by voting trust certificates held under said agreement shall bear to the sum of said number of shares and the number of shares of such common stock represented by voting trust certificates held for us as aforesaid. We are therefore writing to ask whether you agree with us that the trustees under said agreement of April 8, 1913, should contribute such part out of the voting trust certificates held by them hereunder.

In case said form of letter "Exhibit B" shall be signed and delivered it is our intention to request that the trustees under said agreement of April 8, 1913, cooperate with us in the execution and delivery of an agreement as set forth in said form of letter "Exhibit B" whereby the voting trust agreement dated July 29, 1915, between owners of stock of Sulzberger & Sons Company and Harry Bronner, A. Barton Hepburn, Charles H. Sabin, Germon F. Sulzberger, and Max J. Sulzberger, as Voting Trustees, shall be modified as in said form of letter "Exhibit B" set forth.

Yours very truly,

MAX J. SULZBERGER.
G. F. SULZBERGER.

NEW YORK, *March 11, 1916.*

Messrs. MAX J. SULZBERGER and GERMON F. SULZBERGER,
New York City.

DEAR SIRS: We acknowledge receipt of your letter of even date herewith and of Exhibits A and B thereto annexed, with reference to a proposed contract with Guaranty Trust Company of New York, Messrs. Hallgarten & Co. and William Salomon & Co. covering the purchase by them of certain bonds of Sulzberger & Sons Company.

After a full consideration of the subject matter of your letter and of said exhibits we have reached the conclusion that it is in the interest of Sulzberger & Sons Company that a firm contract in the form of said Exhibit A be made, and, if the proposed contracts in the form set forth in said exhibits shall be made, we agree as follows:

1. That we will join with you as trustees under the agreement of April 8, 1913, mentioned in your letter, in contributing from the voting trust certificates for common stock held thereunder such part of the amount which it will be necessary to deposit, and, if an agreement in form of letter "Exhibit B" is entered into, to deliver, as the number of shares represented by voting trust

certificates for such common stock now held under said agreement shall bear to 198,000.

The total number of shares for which we shall so contribute voting trust certificates is Fifty-one thousand one hundred and thirteen (51,113), certificates for Twenty-one thousand two hundred and ninety-seven (21,297), shares of which are already deposited with Guaranty Trust Company of New York subject to certain options mentioned in your letter to us which will be canceled and superseded in case the offer made in said form of letter "Exhibit B" shall be accepted.

The number of shares for which we shall so contribute voting trust certificates as our portion of the voting trust certificates for Seven hundred and fifty thousand dollars ($750,000), par value, which shall be contributed by you towards the One million five hundred thousand dollars ($1,500,000) par value, of such certificates which may be deliverable to Mr. Thomas E. Wilson as provided in said form of letter "Exhibit B" consists of such voting trust certificates for Three thousand one hundred and ninety-five (3,195) shares, and the number of shares for which we shall so contribute voting trust certificates as our portion of the voting trust certificates for Four hundred and seventy-five thousand dollars, par value, which shall be contributed by you as provided in said form letter "Exhibit B" towards the Three million five hundred thousand ($3,500,000), par value, of voting trust certificates to be subject to the option granted to said Thomas E. Wilson consists of such voting trust certificates for Two thousand and twenty-three (2,023) shares.

Our decision so to join with you in contributing such voting trust certificates for Fifty-one thousand one hundred and thirteen (51,113) shares is made upon the following conditions:

(a) That at the time of your making the deposit of said voting trust certificates with Guaranty Trust Company of New York subject to the provisions of the agreement in the form of letter "Exhibit B", you will cause to be delivered to you by said Trust Company a writing (negotiable in form, if possible) wherein it shall acknowledge the receipt of such voting trust certificates for Twenty-four thousand five hundred and ninety-eight (24,598) shares, and agree in substance that in case the offer embodied in the form of letter "Exhibit B" is not accepted, or in case any of the conditions precedent to the right of Guaranty Trust Company of New York to deliver the voting Trust certificates deposited with it as set forth in said form of letter "Exhibit B" shall not be complied with on or before May 22, 1916, such voting trust certificates shall be delivered to you or upon your order upon the surrender of such writing, and that you shall forthwith properly endorse or properly assign such writing to the trustees under said agreement of April 8, 1913; and

(b) that at the same time you will cause to be delivered to you by said Trust Company a writing (negotiable in form, if possible) wherein it shall acknowledge the receipt or receipts issued by it for stock or voting trust certificates for 21,297 shares of said common stock, subject to certain options hereinbefore referred to and agree in substance that in case the offer embodied in the form of letter "Exhibit B" is not accepted, or in case any of the conditions precedent to the right of Guaranty Trust Company of New York to deliver the voting trust certificates deposited with it as set forth in said form of letter "Exhibit B" shall not be complied with on or before May 22, 1916, such receipts or the stock or voting trust certificates covered thereby, as the case may be, shall be delivered to you, or upon your order, upon the surrender of such writing and that you shall forthwith properly endorse or properly assign such writing to the trustees under said agreement of April 8, 1913; and

(c) that if said form of letter "Exhibit B" is executed and delivered and said Trust Company and Bankers comply with the requirements and provisions of said form of letter "Exhibit B," and said voting trust certificates are delivered to them by Guaranty Trust Company of New York, you will see that (1) if for any reason said Trust Company and Bankers, or their representative or depositary, shall not deliver to said Thomas E. Wilson the whole or any part of said One million five hundred thousand dollars, ($1,500,000), par value, of voting trust certificates and therefore one-half of the voting trust certificates not so delivered shall be returnable to you, that then certificates for 213/500 of the number of shares so returnable to you shall be forthwith returned to yourselves and ourselves as trustees under said agreement of April 8, 1913, and (2) immediately upon your receiving payment for any part of the voting trust certificates for Four hundred and seventy-five thousand dollars ($475,000), par value, contributed by you toward the voting trust certificates subject to the option granted to Mr. Thomas E. Wilson, you will pay over to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price thereof, and if at the expiration of the option granted to said Thomas E. Wilson any voting trust certificates so contributed by you shall not have been purchased by him and therefore be returnable to you, then you will immediately upon the receipt of such voting trust certificates not so purchased by him deliver to yourselves and ourselves as trustees under said agreement of April 8, 1913, certificates for 2023/4750 of the number of shares so returned to you.

2. That we will cooperate with you in the execution and delivery of an agreement as set forth in said form of letter "Exhibit B" whereby the voting trust agreement dated July 29, 1915, between Owners of Stock of said Sulzberger & Sons Company and Harry Bronner, A. Barton Hepburn, Charles H. Sabin, Germon F. Sulzberger, and Max J. Sulzberger as Voting Trustees, shall be modified as in said form of letter "Exhibit B" set forth.

That our decision to join with you in contributing voting trust certificates as hereinbefore set forth includes our cooperation in the observance of the provisions regulating and restricting for a period of six months from date the sale of the remaining Eight million dollars ($8,000,000) par value, of voting trust certificates as in said letter specifically provided, and in causing the record holders of outstanding voting trust certificates to consent to the authorization by the voting Trustees of the proposed mortgage.

4. It is, of course, understood that whenever payment shall be made for your account to Guaranty Trust Company of New York for any of the voting trust certificates deposited with it as provided in said form of letter "Exhibit B," you will see that said Trust Company will pay to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price.

Yours, very truly,

NATHAN GRABENHEIMER
MICHAEL S. LOEB
WILLIAM ECKHARDT

NEW YORK, *March 11, 1916.*

MICHAEL S. LOEB, *as Trustee,*
New York City.

DEAR SIR: Referring to our letter of even date herewith addressed to you, Nathan Grabenheimer and William Eckhardt as trustees and referring also to the agreement dated May 13, 1913, between us as parties of the first part and you and us as parties of the second part, we hereby request that if a letter

in the form of "Exhibit B" enclosed with our said letter shall be signed and delivered, you join with us in taking such steps as may be necessary or proper to cause the deposit and, if an agreement in form of letter "Exhibit B" is entered into, the delivery of voting trust certificates for Sixty-eight thousand eight hundred and eighty-seven (68,887) shares of the common stock of Sulzberger & Sons Company in the aggregate out of the voting trust certificates for said common stock now held by you and us as trustees under said agreement.

The reasons which have induced us to enter into said agreement and to request you to join with us therein are fully set forth in our said letter of even date herewith.

You may consider this letter, and we intend it to be and constitute, a full discharge and release of yourself as Trustee under said agreement dated May 13, 1913, of and from any liability in connection with any stock or voting trust certificates representative thereof which may be deposited or disposed of in connection with such deposit and or the agreement in form of letter "Exhibit B" or the proceeds of any such stock or the voting trust certificates representative thereof, except as to so much thereof as may hereafter be re-delivered to yourself and ourselves as Trustees and re-deposited in the safe deposit vault of the Trustees under such agreement of May 13, 1913.

Yours very truly,

MAX J. SULZBERGER,
G. F. SULZBERGER.

MARCH 18, 1916.

M. J. and G. F. SULZBERGER, Esq.,
816 First Ave., N. Y.

DEAR SIRS: The offer dated March 11, 1916, made by Sulzberger & Sons Co. to Guaranty Trust Co. of New York, Wm. Salomon & Co. and Hallgarten & Co. relating to the sale of $12,500,000 of bonds having been accepted, we understand and agree that such acceptance has cancelled and superseded in so far as not heretofore executed, the arrangements set forth in letters exchanged between Sulzberger & Sons Company and said Guaranty Trust Co., William Salomon & Co., Hallgarten & Co. and ourselves, under date of June 22, 1915, and that thereby the option granted to us to purchase common stock of Sulzberger & Sons Co. set forth in letters exchanged between us under date of June 22, 1915, has been cancelled and that we have no further rights under said option.

Yours truly,

THE CHASE NATIONAL BANK OF THE CITY OF N Y
By

Vice President.

NEW YORK, *March 21, 1916.*

Messrs. MAX J. and GERMON F. SULZBERGER:

DEAR SIRS: Referring to our acceptance of the offer of Sulzberger & Sons Co. dated March 11, 1916, offering to sell to us $12,500,000 of 6% mortgage bonds, this letter is to assure you that our understanding is that our acceptance of said offer not only operates as a cancellation of our obligation to purchase from Sulzberger & Sons Co. $9,000,000 of debentures under the letters exchanged between Sulzberger & Sons Co. on the one hand and ourselves and Chase National Bank on the other under date of June 22, 1915, but also cancels

(c) that if said form of letter "Exhibit B" is executed and delivered and said Trust Company and Bankers comply with the requirements and provisions of said form of letter "Exhibit B," and said voting trust certificates are delivered to them by Guaranty Trust Company of New York, you will see that (1) if for any reason said Trust Company and Bankers, or their representative or depositary, shall not deliver to said Thomas E. Wilson the whole or any part of said One million five hundred thousand dollars, ($1,500,000), par value, of voting trust certificates and therefore one-half of the voting trust certificates not so delivered shall be returnable to you, that then certificates for 213/500 of the number of shares so returnable to you shall be forthwith returned to yourselves and ourselves as trustees under said agreement of April 8, 1913, and (2) immediately upon your receiving payment for any part of the voting trust certificates for Four hundred and seventy-five thousand dollars ($475,000), par value, contributed by you toward the voting trust certificates subject to the option granted to Mr. Thomas E. Wilson, you will pay over to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price thereof, and if at the expiration of the option granted to said Thomas E. Wilson any voting trust certificates so contributed by you shall not have been purchased by him and therefore be returnable to you, then you will immediately upon the receipt of such voting trust certificates not so purchased by him deliver to yourselves and ourselves as trustees under said agreement of April 8, 1913, certificates for 2023/4750 of the number of shares so returned to you.

2. That we will cooperate with you in the execution and delivery of an agreement as set forth in said form of letter "Exhibit B" whereby the voting trust agreement dated July 29, 1915, between Owners of Stock of said Sulzberger & Sons Company and Harry Bronner, A. Barton Hepburn, Charles H. Sabin, Germon F. Sulzberger, and Max J. Sulzberger as Voting Trustees, shall be modified as in said form of letter "Exhibit B" set forth.

That our decision to join with you in contributing voting trust certificates as hereinbefore set forth includes our cooperation in the observance of the provisions regulating and restricting for a period of six months from date the sale of the remaining Eight million dollars ($8,000,000) par value, of voting trust certificates as in said letter specifically provided, and in causing the record holders of outstanding voting trust certificates to consent to the authorization by the voting Trustees of the proposed mortgage.

4. It is, of course, understood that whenever payment shall be made for your account to Guaranty Trust Company of New York for any of the voting trust certificates deposited with it as provided in said form of letter "Exhibit B," you will see that said Trust Company will pay to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price.

Yours, very truly,

NATHAN GRABENHEIMER
MICHAEL S. LOEB
WILLIAM ECKHARDT

NEW YORK, *March 11, 1916.*

MICHAEL S. LOEB, *as Trustee,*
New York City.

DEAR SIR: Referring to our letter of even date herewith addressed to you, Nathan Grabenheimer and William Eckhardt as trustees and referring also to the agreement dated May 13, 1913, between us as parties of the first part and you and us as parties of the second part, we hereby request that if a letter

in the form of "Exhibit B" enclosed with our said letter shall be signed and delivered, you join with us in taking such steps as may be necessary or proper to cause the deposit and, if an agreement in form of letter "Exhibit B" is entered into, the delivery of voting trust certificates for Sixty-eight thousand eight hundred and eighty-seven (68,887) shares of the common stock of Sulzberger & Sons Company in the aggregate out of the voting trust certificates for said common stock now held by you and us as trustees under said agreement.

The reasons which have induced us to enter into said agreement and to request you to join with us therein are fully set forth in our said letter of even date herewith.

You may consider this letter, and we intend it to be and constitute, a full discharge and release of yourself as Trustee under said agreement dated May 13, 1913, of and from any liability in connection with any stock or voting trust certificates representative thereof which may be deposited or disposed of in connection with such deposit and or the agreement in form of letter "Exhibit B" or the proceeds of any such stock or the voting trust certificates representative thereof, except as to so much thereof as may hereafter be re-delivered to yourself and ourselves as Trustees and re-deposited in the safe deposit vault of the Trustees under such agreement of May 13, 1913.

Yours very truly,

MAX J. SULZBERGER,
G. F. SULZBERGER.

MARCH 18, 1916.

M. J. and G. F. SULZBERGER, Esq.,
816 First Ave., N. Y.

DEAR SIRS: The offer dated March 11, 1916, made by Sulzberger & Sons Co. to Guaranty Trust Co. of New York, Wm. Salomon & Co. and Hallgarten & Co. relating to the sale of $12,500,000 of bonds having been accepted, we understand and agree that such acceptance has cancelled and superseded in so far as not heretofore executed, the arrangements set forth in letters exchanged between Sulzberger & Sons Company and said Guaranty Trust Co., William Salomon & Co., Hallgarten & Co. and ourselves, under date of June 22, 1915, and that thereby the option granted to us to purchase common stock of Sulzberger & Sons Co. set forth in letters exchanged between us under date of June 22, 1915, has been cancelled and that we have no further rights under said option.

Yours truly,

THE CHASE NATIONAL BANK OF THE CITY OF N Y
By

Vice President.

NEW YORK, *March 21, 1916.*

Messrs. MAX J. and GERMON F. SULZBERGER:

DEAR SIRS: Referring to our acceptance of the offer of Sulzberger & Sons Co. dated March 11, 1916, offering to sell to us $12,500,000 of 6% mortgage bonds, this letter is to assure you that our understanding is that our acceptance of said offer not only operates as a cancellation of our obligation to purchase from Sulzberger & Sons Co. $9,000,000 of debentures under the letters exchanged between Sulzberger & Sons Co. on the one hand and ourselves and Chase National Bank on the other under date of June 22, 1915, but also cancels

(c) that if said form of letter "Exhibit B" is executed and delivered and said Trust Company and Bankers comply with the requirements and provisions of said form of letter "Exhibit B," and said voting trust certificates are delivered to them by Guaranty Trust Company of New York, you will see that (1) if for any reason said Trust Company and Bankers, or their representative or depositary, shall not deliver to said Thomas E. Wilson the whole or any part of said One million five hundred thousand dollars, ($1,500,000), par value, of voting trust certificates and therefore one-half of the voting trust certificates not so delivered shall be returnable to you, that then certificates for 213/500 of the number of shares so returnable to you shall be forthwith returned to yourselves and ourselves as trustees under said agreement of April 8, 1913, and (2) immediately upon your receiving payment for any part of the voting trust certificates for Four hundred and seventy-five thousand dollars ($475,000), par value, contributed by you toward the voting trust certificates subject to the option granted to Mr. Thomas E. Wilson, you will pay over to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price thereof, and if at the expiration of the option granted to said Thomas E. Wilson any voting trust certificates so contributed by you shall not have been purchased by him and therefore be returnable to you, then you will immediately upon the receipt of such voting trust certificates not so purchased by him deliver to yourselves and ourselves as trustees under said agreement of April 8, 1913, certificates for 2023/4750 of the number of shares so returned to you.

2. That we will cooperate with you in the execution and delivery of an agreement as set forth in said form of letter "Exhibit B" whereby the voting trust agreement dated July 29, 1915, between Owners of Stock of said Sulzberger & Sons Company and Harry Bronner, A. Barton Hepburn, Charles H. Sabin, Germon F. Sulzberger, and Max J. Sulzberger as Voting Trustees, shall be modified as in said form of letter "Exhibit B" set forth.

That our decision to join with you in contributing voting trust certificates as hereinbefore set forth includes our cooperation in the observance of the provisions regulating and restricting for a period of six months from date the sale of the remaining Eight million dollars ($8,000,000) par value, of voting trust certificates as in said letter specifically provided, and in causing the record holders of outstanding voting trust certificates to consent to the authorization by the voting Trustees of the proposed mortgage.

4. It is, of course, understood that whenever payment shall be made for your account to Guaranty Trust Company of New York for any of the voting trust certificates deposited with it as provided in said form of letter "Exhibit B," you will see that said Trust Company will pay to yourselves and ourselves as trustees under said agreement of April 8, 1913, the pro rata part of the sales price.

Yours, very truly,

NATHAN GRABENHEIMER
MICHAEL S. LOEB
WILLIAM ECKHARDT

NEW YORK, *March 11, 1916.*

MICHAEL S. LOEB, *as Trustee,*
New York City.

DEAR SIR: Referring to our letter of even date herewith addressed to you, Nathan Grabenheimer and William Eckhardt as trustees and referring also to the agreement dated May 13, 1913, between us as parties of the first part and you and us as parties of the second part, we hereby request that if a letter

in the form of "Exhibit B" enclosed with our said letter shall be signed and delivered, you join with us in taking such steps as may be necessary or proper to cause the deposit and, if an agreement in form of letter "Exhibit B" is entered into, the delivery of voting trust certificates for Sixty-eight thousand eight hundred and eighty-seven (68,887) shares of the common stock of Sulzberger & Sons Company in the aggregate out of the voting trust certificates for said common stock now held by you and us as trustees under said agreement.

The reasons which have induced us to enter into said agreement and to request you to join with us therein are fully set forth in our said letter of even date herewith.

You may consider this letter, and we intend it to be and constitute, a full discharge and release of yourself as Trustee under said agreement dated May 13, 1913, of and from any liability in connection with any stock or voting trust certificates representative thereof which may be deposited or disposed of in connection with such deposit and or the agreement in form of letter "Exhibit B" or the proceeds of any such stock or the voting trust certificates representative thereof, except as to so much thereof as may hereafter be re-delivered to yourself and ourselves as Trustees and re-deposited in the safe deposit vault of the Trustees under such agreement of May 13, 1913.

Yours very truly,

MAX J. SULZBERGER,
G. F. SULZBERGER.

MARCH 18, 1916.

M. J. and G. F. SULZBERGER, Esq.,
816 First Ave., N. Y.

DEAR SIRS: The offer dated March 11, 1916, made by Sulzberger & Sons Co. to Guaranty Trust Co. of New York, Wm. Salomon & Co. and Hallgarten & Co. relating to the sale of $12,500,000 of bonds having been accepted, we understand and agree that such acceptance has cancelled and superseded in so far as not heretofore executed, the arrangements set forth in letters exchanged between Sulzberger & Sons Company and said Guaranty Trust Co., William Salomon & Co., Hallgarten & Co. and ourselves, under date of June 22, 1915, and that thereby the option granted to us to purchase common stock of Sulzberger & Sons Co. set forth in letters exchanged between us under date of June 22, 1915, has been cancelled and that we have no further rights under said option.

Yours truly,

THE CHASE NATIONAL BANK OF THE CITY OF N Y
By

Vice President.

NEW YORK, *March 21, 1916.*

Messrs. MAX J. and GERMON F. SULZBERGER:

DEAR SIRS: Referring to our acceptance of the offer of Sulzberger & Sons Co. dated March 11, 1916, offering to sell to us $12,500,000 of 6% mortgage bonds, this letter is to assure you that our understanding is that our acceptance of said offer not only operates as a cancellation of our obligation to purchase from Sulzberger & Sons Co. $9,000,000 of debentures under the letters exchanged between Sulzberger & Sons Co. on the one hand and ourselves and Chase National Bank on the other under date of June 22, 1915, but also cancels

FEDERAL TRADE COMMISSION.

WILLIAM B. COLVER, *Chairman.*
JOHN FRANKLIN FORT.
VICTOR MURDOCK.
HUSTON THOMPSON.
J. P. YODER, *Secretary.*

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CHAPTER IV.—COMBINATION AND UNFAIR PRACTICES IN RENDERING BUSINESS.

THE CHICAGO STOCK YARDS CO. OF MAINE.

EXHIBITS.

MAPS.

LETTER OF TRANSMITTAL.

FEDERAL TRADE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, 28 June, 1919.

SIR: I have the honor to submit herewith Part III of the Report of the Federal Trade Commission on the Meat Industry, being a part of the Commission's food investigation undertaken at your direction.

Other parts of the food-investigation report will be presently transmitted.

By direction of the Commission.

Yours very truly,

WILLIAM B. COLVER, *Chairman.*

THE PRESIDENT, *White House.*

ORT OF THE FEDERAL TRADE COMMISSION ON THE MEAT-PACKING INDUSTRY.

PART III.

:THODS OF THE FIVE PACKERS IN CONTROLLING THE MEAT-PACKING INDUSTRY.

CHAPTER I.—STOCKYARDS AND RELATED FACILITIES.

n 1.—Introduction.

Part I of this report the Commission gave the growth and
t of the dominion of the Big Five packers over the meat in-
y and their threatened dominance of the nation's supply of
other than meats. In Part II the Commission presented
nce of the interrelations and combinations of the Big Five.
is part of the report, Part III, the Commission presents the
of the Big Five's control of the meat industry which includes
dvantages they have in the ownership or control of the principal
yards and related facilities, their methods of influencing the
; of live stock, their dominating position in manufacture, and
dominion in distribution of meat products through their
erator cars, branch houses, and cold-storage plants. In this
their activities in the rendering business are also treated. The
:ial history of the Chicago Stock Yards and of other large
yards in which the big packers are financially interested is

a summary of the control of stockyards, or live-stock marketing
ies, by the big packers the principal points to be noted are:

Although there are 50 stockyards in the United States at
ı live stock are bought and sold more than 69 per cent of the
ıls pass through 12 of the 50 yards, and the four largest yards
receive more than 52 per cent of the cattle, 43 per cent of the
and 51 per cent of the sheep.

The five big packers either jointly or separately have an interest
of the 50 market yards; they control the majority of voting stock
of these yards and are jointly interested in 15 of them. More
84 per cent of the animals pass through the yards in which they
an interest.

3. Both before and since the big packers acquired this financial interest in stockyards they have received from the yards companies many millions of dollars in cash, bonds, and land as bonuses for locating packing plants at the yards.

4. Taken as a whole only a small per cent of the present voting stock held by the big packers in the principal stockyards represents actual cash investment by them; the greater part of it was given to them by the yards companies and local citizens as bonuses or by the yards companies as stock dividends or through the organization of new companies to take over existing yards they obtained stock without equivalent cash investment. Moreover, the big packers have in numerous cases forced the original owners of the stockyards to relinquish control.

5. The earnings of the packer-controlled stockyards have sufficed to pay the large cash bonuses to the packers and to increase the outstanding capital stock from surplus earnings to many times the original capital paid in and at the same time pay regularly reasonable cash dividends on the outstanding capitalization. The larger part of this increased capital stock has gone to the big packers as stock bonuses or gifts and as stock dividends.

6. There has been much complaint on the part of producers of live stock and live-stock commission men as to the inferior facilities and services which these packer controlled stockyards give; there is also a wide complaint against the high rates which these stockyards charge for their services—particularly the feed charges.

7. The big packers have used their numerous stockyards to make large profits and to increase their control over the meat-packing industry as a whole.

8. Although an increase in the number of stockyards markets and meat-packing centers may be regarded as desirable the big packers use their power to prevent the development of such additional market and slaughtering centers.

DESCRIPTION OF STOCKYARDS AND THEIR FACILITIES.

Section 2.—Development of centralized markets.

Although commercial slaughterhouses were in operation in the United States before 1800, the first stockyards as a centralized market was not established until 1865, at which date the Union Stock Yards & Transit Co. of Chicago was organized. Since 1865 development of large union stockyards as centralized live-stock markets has been an important feature in the evolution of the meat-producing and meat-packing industries.

In the days of Atlantic coast settlements, farmers and planters killed and packed in a crude way their own animals and took to market the products not needed for home consumption. It was

common also for merchants to take live stock in exchange for goods, and subsequently to have it killed by local butchers who made a specialty of that business.

With the settlement of the Ohio Valley the production of corn greatly stimulated the live-stock industry. At first the stock was driven over the Appalachian Mountains to the eastern cities, but soon meat-packing plants were established on the prairies and by 1820 Cincinnati surpassed Boston and other eastern cities as a market for cattle and hogs. It is said that in 1850 Ohio and Indiana packed over half the provisions manufactured in the country.[1] Slaughtering on an extensive scale was begun in Chicago as early as 1832, and by 1842 that city had become prominent as a meat-packing and distributing center.

The western plants packed meat in barrels and shipped to eastern markets. Until the development of refrigeration after the Civil War, killing and packing were mostly confined to the winter months and the plants were idle seven to eight months in the year. In this pioneer period of the packing industry the mode of marketing live-stock was exceedingly primitive and expensive. The farmer or feeder drove his cattle and hogs across the prairies to the nearest market. This method was eventually superseded by the professional drover, who visited the towns, bought the stock, and sold it on the Chicago or Cincinnati market.

There were no stockyards established in connection with these early packing plants. The live stock intended for sale in Chicago or Cincinnati were held in droves on the prairies surrounding the towns, and prospective purchasers went there to buy. Pens were established for detaining the animals at these accustomed marketing places. These pens were the forerunners of the great modern stockyards. With the development of railroad transportation they were moved nearer the cities and by 1865 there were a half-dozen yards in different parts of the city of Chicago.

In 1865, the Chicago Union Stock Yards & Transit Co. was organized with a capital stock of $1,000,000. Three hundred and forty-five acres of land were purchased outside the city limits and connections made with all railroads entering the city. The packing plants were located in the yards. So the Union Stock Yards centralized the market, and Chicago has since become the largest live-stock market in the world.

The invention of the refrigerator car in 1868 revolutionized the entire meat-packing industry. Soon thereafter the first cargo of dressed beef was shipped from Chicago to New York. Rapid settlement of the great West at the close of the Civil War supplied ample live stock for the rapidly expanding meat-packing industry. The growth of

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[1] United States Census, 1900.

both live-stock production and meat packing was further stimulated by increased railroad facilities for the transportation of live animals and meat products and by the adoption of methods by which all the by-products of the slaughtered animals were utilized. Packing plants and union stockyards sprang up at many of the growing cities of the West and were established in a few eastern cities.

Section 3.—Present Centralized Markets.

To-day there are 50 centralized stockyard markets where live stock are bought and sold, besides a large number of concentration and feeding yards where no trading is carried on. Most of the animals which are slaughtered at the packing houses are sold at the centralized markets. A much larger number of animals pass through these markets each year than are slaughtered by the packing houses, because many of them are bought by feeders and stockers and returned to the farms, and others pass through more than one stockyards on their way to the slaughterhouses.

GEOGRAPHICAL LOCATION.—The location of each stockyards market in the United States is given in the map facing page 27 of this chapter.

RECEIPTS OF LIVESTOCK AT MARKET YARDS.—The following table gives the receipts of cattle, calves, sheep, and hogs in 1916, of each of the 50 stockyards where animals are bought and sold:

The 50 stockyards at which live stock are bought and sold.

[Receipts of animals in 1916.]

Name and address of company.	Cattle.	Calves.	Sheep.	Hogs.	Total.
Belt R. R. & Stock Yards Co., Indianapolis, Ind	406,069	....	98,142	2,575,611	3,079,822
Birmingham Stock Yards, Birmingham, Ala.	3,500	....	....	500	4,000
Bourbon Stock Yards Co., Louisville, Ky	165,497	36,118	343,457	738,675	1,283,747
Brighton Stock Yards Co., Boston, Mass.	55,521	34,309	2,856	21,884	114,570
Central Union Stock Yards Co., Jersey City, N. J.	122,486	44,353	518,626	4,321	689,816
Cincinnati Union Stock Yards Co., Cincinnati, Ohio	279,710	72,330	232,241	1,260,118	1,844,399
Cleveland Union Stock Yards Co., Cleveland, Ohio	107,572	75,787	255,996	975,586	1,414,941
Crescent City Stock Yards & Slaughter House Co., Ltd., Arabi, La	36,047	117,768	3,519	61,231	218,565
Dallas Union Stock Yards, Dallas, Tex	7,886	1,219	[1] 628	100,918	110,651
Dayton Stock Yards, Dayton, Ohio	16,715	5,188	4,344	99,630	125,877
Denver Union Stock Yards Co., Denver, Colo.	552,121	49,239	1,409,009	466,753	2,477,122
Detroit Stock Yards Co., Detroit, Mich.	136,645	63,573	283,573	650,178	1,133,969
El Paso Union Stock Yards Co., El Paso, Tex.	39,773	....	25,679	1,019	66,471
Evansville Stock Yards, Evansville, Ind	18,372	4,553	6,991	138,979	168,895
Fort Worth Stock Yards Co., Fort Worth, Tex	908,345	175,177	430,911	965,024	2,479,457
Fostoria Union Stock Yards Co., Fostoria, Ohio	7,958	3,851	12,128	76,030	99,967
Foust-Yarnell Stock Yards Co., Chattanooga, Tenn	23,765	....	3,814	15,801	43,380
Independent Stock Yards Co., St. Louis, Mo.	35,910	6,894	106,704	391,296	540,804
Interstate Stock Yards Co., Jacksonville, Fla	1,475	....	151	11,808	13,434
Jersey City Stock Yards Co., Jersey City, N. J.	221,817	281,831	925,319	1,075,986	2,504,953
Kansas City Stock Yards Co., Kansas City, Mo	2,177,465	153,999	1,758,178	2,978,933	7,068,575
Lafayette Union Stock Yards Co., La Fayette, Ind	6,086	4,089	3,447	118,850	131,372
Miller Union Stock Yards Co., Atlanta, Ga.	25,200	....	1,511	27,413	54,124

[1] Includes goats.

The 50 stockyards in which live stock are bought and sold—Continued.

...mes and address of company.	Cattle.	Calves.	Sheep.	Hogs.	Total.
...ee Stock Yards Co., Milwaukee, Wis.	83,955	150,652	55,178	535,692	834,477
...k Central Stock Yards, Buffalo, N.Y.	313,772	163,123	1,023,486	1,692,583	3,192,964
...k Stock Yards, New York City, N.Y.	95,962	224,751	96,795	15,399	432,877
Union Stock Yards, Ogden, Utah....	....	....	....	....	....
...a National Stock Yards, Oklahoma ...Okla.	260,384	64,491	115,866	759,603	1,200,344
...nion Stock Yards Co., Peoria, Ill....	13,982	5,820	1,106	370,021	390,929
...g Union Stock Yards Co., Pitts- ...Pa.	107,417	61,466	337,326	877,749	1,383,958
...l Union Stock Yards Co., North Port- ...Oreg.	77,975	4,531	171,269	322,655	576,430
...nd Union Stock Yards Co., Rich- ...Va.	23,065	5,362	8,739	89,615	126,781
...h Stock Yards Co., St. Joseph, Mo...	442,195	37,751	804,326	2,198,751	3,483,023
...National Stock Yards Co., National ...Ill.	1,200,330	....	670,838	3,057,414	4,928,582
...Union Stock Yards Co., St. Paul, ...	756,620	184,495	623,214	2,674,547	4,238,876
...e Stock Yards Co., Salt Lake City, ...	12,569	....	379,297	54,331	446,197
...y Stock Yards Co., Sioux City, Iowa.	578,758	23,909	320,537	2,131,113	3,053,317
...alls Stock Yards Co., Sioux Falls, ...	....	....	....	....	....
...Union Stock Yards Co., Spokane, ...	15,159	1,777	32,210	37,107	86,253
...nion Stock Yards Co., Toledo, Ohio.	10,308	6,360	16,252	194,974	227,894
...ock Yards, Baltimore, Md........	152,337	26,082	279,056	1,002,617	1,460,092
...ock Yards & Transit Co., Chicago, Ill.	2,730,176	519,624	4,291,024	9,188,224	16,729,048
...ock Yards Co., Nashville, Tenn....	43,934	....	46,701	375,157	465,792
...ock Yards of Omaha (Ltd.), Omaha, ...	1,434,304	....	3,170,908	3,116,820	7,722,032
...ock Yards, San Antonio, Tex.......	165,318	42,758	41,722	56,848	306,646
...ock Yards, Seattle, Wash.........	24,775	180	20,289	179,035	224,279
...ock Yards, Philadelphia, Pa.......	28,228	185	8,761	62,419	99,593
...hiladelphia Stock Yards, Philadel- ...Pa.	86,630	64,721	273,349	166,612	591,312
...Stock Yards, Amarillo, Tex.......	132,726	....	55,469	25,967	214,162
...Union Stock Yards, Wichita, Kans.	220,133	....	20,875	572,675	813,683
...tal........................	14,365,900	2,726,408	19,389,784	42,517,364	78,999,456

...ile there are 50 centralized stockyards for marketing live ... more than 69 per cent of the total number of animals so mar... pass through the following 12 markets: Chicago, Kansas City, ...uis, Omaha, St. Joseph, St. Paul, New York City, Fort Worth, ... City, Oklahoma City, Denver, and Wichita. Of the total ...yards receipts more than 52 per cent of the cattle, 43 per cent ... hogs, and 51 per cent of the sheep are received at the four ...ts of Chicago, Kansas City, St. Louis, and Omaha. Chicago receives 19 per cent of the cattle, 21 per cent of the hogs, and ...r cent of the sheep, which pass through the 50 stockyards ...ts.

... markets which dominate all others and which largely determine ...ice of cattle, hogs, and sheep for the entire country are Chi... Kansas City, St. Louis, and Omaha. Of these, Chicago and ...s City are the most important. Usually no price is quoted at ... the smaller markets until telegraphic communication has been ...ith Chicago or Kansas City. These two markets are the big ...g centers of the United States, and the prices established ...are largely followed by the other markets.

TERRITORIES FROM WHICH RECEIPTS ARE DRAWN.—In general, each stockyards draws its receipts from the territory immediately surrounding it. However, the great markets of Chicago, Kansas City, St. Louis, Omaha, St. Paul, St. Joseph, Sioux City, Fort Worth, Denver, and Oklahoma City draw receipts from very wide territories. The receipts at these great markets are purchased by the packing companies for slaughter or by feeders and traders for shipment back to the country for further feeding and finishing.

The stockyards in the eastern part of the United States, especially those located in Philadelphia, Jersey City, New York, and Buffalo, are largely supplied with beef cattle from the western markets. A part of their receipts come from the farmers in the eastern and southern agricultural States, but as a rule the majority of beef cattle received by the eastern stockyards, and slaughtered in the Eastern States, are shipped from the Middle West.

Exhibit No. 1, pages 279–281, describes in detail the territories from which several of the stockyards markets draw their receipts.

CAPITALIZATION OF STOCKYARDS COMPANIES.—The Commission has received reports from 67 stockyards companies, 50 of which have yards where live stock are bought and sold. Eight of the 67 are individual or partnership enterprises. The Detroit Stock Yards, Detroit, Mich.; the New York Central Stock Yards Co., Buffalo, N. Y.; and the Seattle Union Stock Yards Co. are connected with other corporations and have no separate or independent organization or capitalization.

The other 56 stockyards are incorporated and have a capitalization ranging from $10,000 to $13,200,000. The aggregate capitalization of the companies composing this group is $55,426,950 of common and $11,092,750 of preferred, or a total capitalization of $66,519,700. They are bonded for $10,818,200 and list holdings in other companies amounting to $2,190,800.

The name of each company, with location and capital stock and bonded indebtedness, is given in Exhibit No. 2, pages 281–282.

Section 4.—Business functions of stockyards.

The modern union stockyards has miles of pens and sheds for assembling and assorting live stock, facilities for loading and unloading, weighing, watering, feeding, and dipping, and office buildings to accommodate live-stock commission men and stockyards officials. There are often rendering, serum, and refrigerator plants, bank and other buildings in the stockyards which belong to the stockyards company. All the big packing plants are in, or in close proximity to, the yards.

In activity the large union stockyards are industrial communities within themselves. There are a large number of stockyards employees who receive, unload, water, feed, care for, and deliver to buyers

or reload the thousands of animals which pass through the yards daily. There are numerous live-stock commission firms, with their many employees, who attend to the selling of the animals. There are many packer buyers, and at some of the markets order buyers and traders, with their assistants, who buy the animals. Federal and State live-stock inspectors are associated with the yards in their official capacities.

FACILITIES.—To facilitate the business in or near the large yards there are located banks, cattle-loan companies, telegraph offices, and restaurants. In all of the big yards there are published daily newspapers devoted to the live-stock industry. Some of the yards even have hotels. The centralized stockyards market as now conducted is peculiarly an American institution.

SERVICES.—The services directly performed by the stockyards companies are: Yardage (furnishing the facilities and performing the services of placing and keeping the animals in pens and watering them); feeding and selling feed; weighing; dipping; bedding cars; and often loading and reloading.

CHARGES—*Yardage charges.*—Some companies base yardage charges upon size of animal, and when this is done the customary price is 3½ cents per hundredweight for cattle and horses. Other companies charge a uniform rate of $6 to $8 per carload, but the prevailing custom is an arbitrary charge per head for each kind of stock.

The following table gives the customary yardage charges per animal in 1916 of stockyards companies:

Animal.	Average.
Cattle	$0.25
Calves	.10
Hogs	.07
Sheep	.05
Horses and mules	.30

Feed charges.—Another important source of income by stock yards companies is derived from the charges for feeding the animals in the yards and selling feed for stock in transit. The range of prices charged for different kinds of feed varies largely in different sections of the country. The maximum charge for hay in 1916 was $40 per ton at Baltimore, Philadelphia, Buffalo, Jersey City, and New York, and a minimum charge of $13 per ton was made by the Fort Worth Stock Yards Co. at Fort Worth, Tex.

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The following table gives the maximum, minimum, and average price charged by stockyards for different kinds of feed in 1916:

Kind of feed.	Maximum.	Minimum.	Average.
Corn....per bushel..	$2.50	$1.00	$1.35
Oats....do....	1.00	.75	.80
Wheat....do....	1.80	1.60	1.60
Bran....per hundredweight..	3.00	1.50	1.95
Hay....per ton..	40.00	13.00	37.75
Alfalfa....do....	30.00	20.00	25.00
Prairie....do....	25.00	17.00	30.00
Straw....do....	20.00	8.00	13.30

In arriving at the average prices given in the table, the arithmetic average of the monthly prices is taken. An analysis of the schedule of prices shows that the regular market price, while adhered to by some of the companies, did not govern the charge made by the majority of them. All of the companies made a profit on their feed sales, and in several instances the profit was most liberal.

Bedding charges.—Furnishing bedding material and bedding cars for reshipment of live stock is another service rendered by the stockyards companies, particularly in the Western and Southwestern markets. The price for bedding depends upon the character of the material used and ranges all the way from $1 per single-deck car to $2.50 per double deck. The kinds of bedding most frequently used are straw, sand, and sawdust, in the order named. The average price for this service was in 1916 as follows:

Material.	Single deck.	Double deck.
Sand....	$1.00	$1.50
Straw....	1.50	2.50
Sawdust....	1.50	2.50

Charges for other services.—The charges for loading, unloading, weighing, and dipping live stock contribute considerably to the earnings of stockyards companies. The usual price for loading and unloading is $0.50 per car, although some companies charge $1 per car for this service. The customary charge for weighing is $0.25 per car. The weighing charge is often paid by the railroad company to the local stockyards company, and is absorbed in railroad rates. In many of the western markets, facilities are provided for the dipping of stock, and the price for such service varies from $0.10 to $0.25 per head.

STOCKYARDS RAILROADS.—Union stockyards were established so that there might be one centralized competitive market, instead of several small ones, at each of the large live stock centers. In order properly to serve as a terminal market for live stock, the union stockyards must have connections with every railroad which enters the city. To ac-

complish this there has been built in connection with each of the large stockyards a "stockyards railroad."

Only two stockyards companies—the St. Louis National Stock Yards Co., and the Union Yard Co. of Omaha—themselves both own and operate stockyards railroads. Six other stockyards companies, among them, The Union Stock Yards & Transit Co., of Chicago, and the Denver Union Stock Yards Co., own the stockyards tracks but lease them to operating companies. The Union Stock Yards & Transit Co. of Chicago, leases its tracks to the Chicago Junction Railway Co.,[1] while the tracks of the Denver Union Stock Yards are jointly operated by the railroad companies entering the city.

At all the large yards, except those enumerated above, and at some of the small ones, the yards railroads are owned and operated by separate corporations which are either subsidiaries of the stockyards companies or are controlled by the principal stockholders of the stockyards companies. The yards railroads at many of the small stockyards are owned and operated by one or the other of the connecting railways.

Services and charges.—The services of stockyards railroads consist of switching cars from one connecting line to another, from one industry to another, and from one track to another at the same plant; of reconsignment of cars after they have been moved but before they have been delivered; of weighing; of loading and unloading; and sometimes of furnishing bedding.

The customary charge for switching cars from one line to another ranges from $2 to $3. Connecting railroads, however, generally, by their own motive power, deliver cars direct at the stockyards chutes for unloading, in which case they pay the stockyards railroad $0.75 per car for the use of its tracks. The charges for reconsignment are $1 per loaded car and $0.50 per empty car. The weighing charge is $0.25 per car. The charges for loading and unloading vary from $0.25 to $0.50 per car. All these charges, except the reconsignment, are paid by the connecting railroads and are absorbed in the freight rate. Sometimes the loading, unloading, and weighing is performed by the stockyards company in which case it receives payment either from the stockyards railroad or from the connecting lines.

Where the stockyards railroads furnish bedding for cars a charge of $1 to $1.50 per car is made.

FEEDING-IN-TRANSIT STOCKYARDS.—Besides the 50 stockyards where animals are bought and sold there are a large number of stockyards particularly in the Central and Western States, at which little if any trading is done, but which are used principally to feed and rest live stock en route to the market centers. Such yards are commonly called feeding-in-transit yards.

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[1] Both the Union Stock Yards & Transit Co., and the Chicago Junction Railway Co., are controlled by the Chicago Junction Railways & Union Stock Yards Co.

The law requires that animals in transit must be unloaded for feed and rest at least once every 28 hours. It is therefore necessary for the railroads transporting live stock any considerable distance to have access to these feeding-in-transit yards. They are usually owned by the railroads themselves. However, the railroads frequently lease them to other companies which operate them.

Section 5.—Stockyards monopolies.

Stockyard companies generally own or control all the available land within the yards. At most of the important yards the land surrounding them is owned by so-called land development companies which are controlled by the principal stockholders of the yards companies. This control over available land gives the principal owners of stockyards companies a practical monopoly of many of the important businesses conducted at the yards and an influence over several other yards businesses.

PACKING-HOUSE SITES.—Some stockyards grew up around packing houses which were already established. But a large number of packing houses are located on land bought, leased, or rented from the stockyards companies. New packing companies as a rule can secure desirable packing sites only from the stockyards companies or from the land development companies. The owners of stockyards companies are, therefore, in a position to determine what packing companies, and how many plants, shall be established at the yards.

RENDERING PLANTS.—Stockyards companies have the power to determine who shall be permitted to buy dead animals at the yards. This monopoly power exercised by the yards has generally resulted in the establishment of only one dead animal rendering plant at each important yard and the making of very large profits on the part of the dead animal rendering companies.

SITES FOR STOCKYARDS BANKS AND CATTLE LOAN COMPANIES.—In order to be readily accessible to business, stockyards banks and cattle loan companies must be located in or very near the stockyards. Generally they can get such locations only by buying, leasing, or renting from the stockyards companies or the land development companies. In one instance a yards bank leases from the yards companies under a contract which prohibits the yards companies from leasing, renting, or selling to a second stockyards bank or cattle loan company. So the stockyards bank and the cattle loan company which are able to get locations at yards have advantages.

COMMISSION MEN'S OFFICE SPACE.—The commission men and traders at the stockyards must have offices in or near the yards. They can get such accommodations only by renting or leasing from the yards companies. For the purpose of maintaining such office space each

large yard has an exchange building, or series of buildings, offices in which are leased to the commission men.

CONTROL OF PRINCIPAL YARDS BY BIG FIVE.

Section 6.—Companies controlled by Big Five.

The big packers are financially interested in most of the important stockyards companies of the country. Their holdings are increasing rapidly; they have acquired several new companies during the past few years.

CONCEALED OWNERSHIP.—The Commission had difficulty in ascertaining the exact ownership and control of the big packers in various stockyards. In many cases such ownership was concealed in the names of employees or business associates, and in the case of the Chicago Stock Yards Co. the concealment was through the "bearer warrants." The following communications are typical of a great number received by the Commission in its inquiry in reference to big packer ownership of the stock in various stockyards.

EUGENE V. R. THAYER,
57 BROADWAY,
New York, January 21, 1918.

L. L. BRACKEN, Esq., *Secretary, Federal Trade Commission,*
Washington, D. C.

DEAR SIR: I am in receipt of your favor of January 12, and in reply I beg to say that I am the sole owner of the 100 shares Kansas City Stock Yards Company of Maine preferred stock referred to. Of the 6,191 shares common stock registered in my name 14 shares are owned by me, the balance having been endorsed in blank and forwarded to Mr. Edward Morris, of Chicago. The name or names of the beneficiary or beneficiaries are not known to me, and I did not receive any consideration for making such assignment.

Very truly yours,

[Signed] EUGENE V. R. THAYER.

UNION STOCK YARDS,
Chicago, December 26, 1917.

FEDERAL TRADE COMMISSION,
Washington, D. C.

GENTLEMEN: Replying to your letter, initialed A. B. A., and dated December 20, 1917, stating that you are informed that I hold stock in each of the following companies as enumerated below:

Company: Milwaukee Stock Yards Company, Milwaukee, Wisconsin.

No. of shares of stock, common: 250.

I beg to advise I am not the owner of this stock, which was put into my name merely for convenience, at which time I endorsed certificates covering same in blank and delivered such certificates to the treasurer of Swift & Company, Union Stock Yards, Chicago, which corporation is the owner.

Yours very truly,

W. W. SHERMAN.

CHICAGO, *Feb. 11, 1918.*

MR. L. L. BRACKEN, *Secy., Federal Trade Commission,*
Washington, D. C.

DEAR SIR: Answering your letter addressed to me in care of the Portland Stock Yards Company, Portland, Oregon (No. 42901), which has just been forwarded to me here, relative to the 135 shares of stock of the Portland Union Stock Yards Company, standing in my name:

I wish to say that this stock was issued in my name several years ago, at which time certificates were endorsed by me in blank and delivered to Mr. C. M. Macfarlane, of Morris & Company, and I had no other interest in said stock.

Yours respectfully,

H. J. NELSON.

H. J. Nelson, incidentally, is employed in the office of L. F. Swift, but is here shown as stockholder of record for stock belonging to the Morrises.

CHICAGO, *Dec. 31, 1917.*

MR. L. L. BRACKEN,
Secy. Federal Trade Commission, Washington, D. C.

DEAR SIR: Answering your favor of December 20th, will reply as follows:

Milwaukee Stock Yards Co., 200 shares.

These shares of stock were placed in my name some years ago merely for convenience, at which time I endorsed them in blank and delivered them to the treasurer of Swift & Company, and I hold these shares of stock for the benefit of Swift & Company and have no other or further interest therein.

Bourbon Stock Yards Co., 1,600 shares.

These shares of stock were placed in my name some years ago merely for convenience, at which time I endorsed them in blank and delivered them to the treasurer of Swift & Company, and I hold these shares of stock for the benefit of Swift & Company pension fund and have no other or further interest therein.

St. Paul Union Stock Yards Co., 3,985 shares.

These shares of stock were placed in my name some years ago merely for convenience, at which time I endorsed them in blank and delivered them to the treasurer of Swift & Company, and I hold these shares of stock for the benefit of Swift & Company pension fund and have no other or further interest therein.

Portland Union Stock Yards Co., 409 shares.

These shares of stock were placed in my name some years ago merely for convenience, at which time I endorsed them in blank and delivered them to the estate of G. F. Swift, Chicago, and I hold these shares of stock for the benefit of the estate of G. F. Swift and have no other or further interest therein.

Jersey City Stock Yards Co., 900 shares.

I answered your inquiry on this stock in my letter of December 13th.

Ft. Worth Stock Yards Co., 100 shares.

These shares of stock were placed in my name some years ago merely for convenience, at which time I endorsed them in blank and delivered them to the treasurer of Swift & Company, and I hold these shares of stock for the benefit of Swift & Company pension fund and have no other or further interest therein.

Yours respectfully,

H. A. CHETHAM.

FRANK R. PEGRAM,

Treas. Chicago Stock Yards Co., Ames Building, No. 1 Court St., Boston, Mass.

Referring to your report Schedule "A," Slaughtering and Meat Packing, the Commission requires immediate transmission to it of names and addresses of owners of common stock for whom you as trustee hold block reported on page 4, Schedule.

L. L. BRACKEN,

Secretary Federal Trade Commission.

BRACKEN,

Washn., D. C.

Answering your telegram just received, the stock of Chicago Stock Yards Company held in my name, held by me as treasurer of the corporation in capacity of trustee for the holders of bearer warrants. My books do not show who hold the bearer warrants, which are transferable by delivery.

F. R. PEGRAM,

Treasr. Chicago Stock Yards Co.

In view of the extent of concealment of their stockyards interest by the big packers the Commission is unable to say that it has located their complete ownership in the various yards companies. However, with the exception of the Kansas City Stock Yards, it is probable that the amount of their ownership or control of stockyards still unknown to the Commission is comparatively small.

EXTENT OF BIG PACKER INTERESTS.—The table following shows to what extent the big packers are financially interested in 28 of the 50 stockyards companies in the United States which conduct livestock markets.

It should be noted from the table that the Big Five either jointly or separately have a controlling interest in 22 stockyards at which live stock are bought and sold. In the 20 companies named in the following list they own a majority of the voting stock:

Brighton Stock Yards Co.
Central Union Stock Yards Co.
Crescent City Stock Yards Co.
Denver Union Stock Yards Co.
Dallas Union Stock Yards Co.
El Paso Union Stock Yards Co.
Fort Worth Stock Yards Co.
Independent Union Stock Yards Co., St. Louis, Mo.
Interstate Stock Yards Co., Jacksonville, Fla.
Jersey City Stock Yards Co.
Kansas City Stock Yards Co.
Milwaukee Stock Yards Co.
New York Stock Yards Co.
Oklahoma National Stock Yards Co.
Pittsburgh Union Stock Yards Co.
Portland Union Stock Yards Co.
St. Joseph Stock Yards Co.
St. Louis National Stock Yards Co.
St. Paul Union Stock Yards Co.
Sioux City Stock Yards Co.

The Union Stock Yards of Omaha is also controlled by the Big Five through 36.8 per cent ownership plus proxies. The Wichita Union Stock Yards Co. is also controlled through 41.7 per cent ownership plus proxies.

Joint interests.—It will also be noted from the table that two or more of the Big Five are jointly financially interested in the following 15 stockyards at which live stock is bought and sold:

Bourbon Stock Yards Co.
Brighton Stock Yards Co.
Denver Union Stock Yards Co.
Fort Worth Stock Yards Co.
Independent Stock Yards Co.
Jersey City Stock Yards Co.
Kansas City Stock Yards Co.
New York Stock Yards Co.
Oklahoma National Stock Yards Co.
Portland Union Stock Yards Co.
St. Joseph Stock Yards Co.
St. Louis National Stock Yards Co.
St. Paul Union Stock Yards Co.
Sioux City Stock Yards Co.
Union Stock Yards Co. of Omaha (Ltd.)

Section 7.—Relative importance of big packer yards.

Though the Big Five have a majority interest in only 44 per cent in number of the 50 stockyards where live stock are bought and sold and have a minority interest in an additional 12 per cent of them—which gives them an interest in 56 per cent of the marketing yards—more than 84 per cent of all the animals which are marketed at stockyards in the United States pass through the yards in which these packers are interested. They have the controlling interest in the marketing yards through which 56.8 per cent of the animals pass and have a minority interest in other yards through which an additional 27.7 per cent of the animals pass.

The live-stock receipts of the stockyards markets in which the Big Five are interested as compared with the receipts of the total number of stockyards are given in the following table:

Receipts of live stock at the 22 yards in which the Big Five have a controlling interest and at the 6 yards in which they have less than a controlling interest, as compared with the receipts at the total 50 stockyards markets in the United States.

[For the year 1916.]

	Receipts at the 50 market yards.	Receipts at the 22 yards controlled by Big Five.	Per cent of total.	Receipts at the 6 yards in which Big Five have less than controlling interest.[1]	Per cent of total.	Per cent of total receipts at the 28 yards in which the Big Five are interested.
Cattle	14,365,900	9,416,852	65.5	3,254,811	22.6	88.1
Calves	2,726,408	1,624,965	66.9	722,332	29.7	96.6
Sheep	19,389,784	11,567,709	59.5	5,822,149	30.0	89.5
Hogs	42,517,364	22,344,493	52.5	12,126,045	28.5	81.0
Total	78,999,456	44,954,019	56.8	21,925,337	27.7	84.6

[1] Chicago is included in this class.

The table shows that the market yards in which the Big Five are not interested are comparatively unimportant. It was pointed out on page 15 of this chapter that more than 69 per cent of the animals pass through 12 large markets in the United States, and it should be

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Independent Stock Yards Co.
Jersey City Stock Yards Co.
Kansas City Stock Yards Co.
New York Stock Yards Co.
Oklahoma National Stock Yards Co.
Portland Union Stock Yards Co.
St. Joseph Stock Yards Co.
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5 that at Chicago, Kansas City, St. Louis, and Omaha—
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hogs, and 51 per cent of the sheep are received. The big
gain with the exception of Chicago, control each of these
t markets.

large markets are equally important as slaughtering and
ing centers. Of the live stock slaughtered by interstate
rs in the country 70.7 per cent of all animals or 81 per
e cattle, 65.3 per cent of the calves, 78.5 per cent of the
58 per cent of the hogs are slaughtered at these 12 centers.
showing the location of 50 stockyards markets and of the
slaughtering plants in the United States is inserted op-
page. The proportion of big packer ownership of each
lant is indicated by colors. The relative importance of
s yards and plants is indicated by the size of the symbols,
t, for legibility, a minimum sized symbol has been adopted
ıewhat exaggerates the relative importance of the small
ıts.

FEEDING-IN-TRANSIT YARDS.—The exact extent of the big
ıterest in feeding-in-transit yards is not known. It has
d, however, that some of these yards are owned or con-
them, such as the Laramie Stock Yards Co. at Laramie,
the Union Stock Yards of Lincoln, Nebr., controlled by
Yankton Stock Yards Co. of Yankton, S. Dak., controlled
through the Sioux City Stock Yards Co.; and the Con-
Stock Yards Co. of Connellsville, Pa., controlled by Wilson
. Swift and Armour proposed buying the Hodge stock-
'ort Worth, Tex., which were important feeding-in-transit
; were advised by their attorneys that such a purchase
construed as a violation of the antitrust law. The yards
d later at the request of the packers. The packers con-
ıl feeding-in-transit stations in Iowa in connection with
ntration stations.

another class of stockyards companies controlled by the
's, such as the South San Francisco Stock Yards Co.; the
tock Yards Co., and the Nebraska City Union Stock
, which are not public markets, but are used by the
ainly as private concentration yards in connection with
htering plants.

viously to the advantage of the big packer to control
transit stockyards. They buy a large proportion of the
at are sent to the centralized markets. Those who control
g-in-transit yards have access to the shipping records

relating to shipments made through their yards. Shipments may be and frequently are diverted at these transit points to different markets from those to which the live stock is originally consigned. This diverting is known to those who control the transit yards.

The acknowledgment of some of the advantages and the general attitude of Armour and Swift toward feeding-in-transit yards are shown in the following letters from their files:

UNION STOCK YARDS COMPANY OF OMAHA,
SOUTH OMAHA, NEBR., *January 20, 1916.*

Mr. R. J. DUNHAM, *President, Chicago.*

DEAR SIR: Mr. Van Tassel of Cheyenne Yards has been in the hospital at Denver for some time, undergoing a pretty serious operation. Went out to the hospital to see him yesterday. While he is not at all well, he figures that in the near future he will be able to come to Omaha to discuss with me the sale of his grazing land in the vicinity of the Cheyenne yards, the situation there being very near the same as at Laramie, except that a good deal of the land he uses for grazing purposes he holds under lease. There was nothing said to indicate what he thought he ought to have for his land, transfer of leases, etc., but am a little afraid he is inclined to hold the figure a little high. This, however, will develop a little later on. There is one thing I would like to have you do and that is, ask Mr. Robbins to write to Mr. J. A. Munroe, vice president of the Union Pacific, about this Cheyenne yard proposition, as his doing so will make it a good deal easier to bring about the right kind of an understanding with the Union Pacific. They have been discussing among themselves the advisability of operating some of these yards instead of leasing them to outside parties, and they might take a notion to try it out at the Cheyenne yards.

If we can get hold of the Cheyenne yards, and thereby control of Sidney and Green River yards, both of which Van Tassel now operates, it will give us a cinch on the feeding business along the Union Pacific, and as I look at it, make it easier for the railroad company in that there will be no soliciting by feeding yards to influence business to stop at any particular yards. This will enable them to operate their trains of stock to better advantage, and they will have only one party to deal with instead of several, as at present. We would expect, of course, to maintain the same good service at all these yards that we are giving at the Laramie yards.

Have Mr. Robbins kindly mail me copy of his letter to Mr. Munroe.

Yours truly,

E. BUCKINGHAM.

JANUARY 25, 1916.

Personal.

Mr. J. A. MUNROE,

Vice President, Union Pacific R. R., Omaha, Nebraska.

DEAR SIR: We are in communication, through Mr. Buckingham, with Mr. Van Tassel of the Cheyenne yards, who has been in the hospital for some time, we understand, and may be disposed to part with his feeding-yard holdings on certain conditions.

We are disposed to take over his Cheyenne holdings, and probably those of his in the other yards which go with them, and would like to do so and build these places up to the very highest possible standard, which, with our experience in this line, think we are better prepared to do than anyone else.

We also presume that the operation of all or most of these feeding yards by one interest will eliminate certain adverse influences and enable us jointly to arrange for stopping of shipments where it can be done to best advantage from an operating standpoint.

I hope you can see your way clear to use your good offices in connection with the matter.

With kind regards, I am,

Yours truly,

RM *Vice President.*

MAY 7, 1912.

Mr. G. B. ROBBINS,
Armour & Company, Union Stock Yards, Ills.

Hodge Yards.

DEAR SIR: The following is an extract of telegram received from Mr. J. B. Googins, Fort Worth, Texas, yesterday, viz:

"Of Oklahoma City receipts to-day 1,400 cattle were tributary to our market; they went around us through Hodge. There are in Hodge yards to-day 20 cars beef cattle also billed for Oklahoma City. Oklahoma City buyers not buying any cattle here to-day. Hodge yards is a bad thing for this market, especially located as they are, one mile from us. Many cattle go through there for Oklahoma City and other northern markets directly from our own territory that we don't even get a chance at."

I presume we all agree that the Hodge yards are a detriment to the Ft. Worth Stock Yards Company, and it seems as though something should be done toward having them abandoned by the Katy.

In line with this, I asked Mr. Veeder if there was any legal objection to the Ft. Worth yards acquiring these if necessary, and I enclose you herewith a copy of letter from him, together with the copies of letters he refers to, which are all self-explanatory.

I know how you feel regarding the location of the dipping vats at Hicks, and I am taking the liberty of writing this letter to you. If you agree that something be worked out with the Katy which will eliminate this competition, you no doubt can get the stockyard's local attorney's opinion on this matter, and I would be glad to know your views.

Awaiting your reply.

Yours respectfully,

H. A. CHETHAM.

GH C.

JUNE 20, 1917.

Mr. LOUIS F. SWIFT: Mr. Harris reports this morning that at an interview with Vice President Haile and Vice President Webb, both of the M., K. & T. Railroad, that Mr. Webb, the operating vice president, was given instructions to abandon and demolish the Hodge stockyards at once.

This will do away with the competition we have had at the gate of the Fort Worth yards for all these years.

In consideration of this, Armour and ourselves have agreed to give the M., K. & T. our shipments on the fast train from the Fort Worth plant Tuesdays and Thursdays of each week, as long as the rate and service via the M., K. & T. are equal to that of the other lines.

I feel quite sure you will be pleased to know that this competition is going to be discontinued.

I am sending a copy of this letter to Messrs. Dunham, Donovan, and Googins.

A. R. FAY.

ARF--LMO

CIRCUMSTANCES OF PACKER ACQUISITION OF YARDS.

Section 8. —Reasons for acquisition of yards.

The big packers make the claim that they acquired control of stockyards and built new ones in order to provide adequate facilities for marketing live stock. In an article prepared by them, they said:

> The producers of the live stock were unable and did not provide such facilities for caring for their product from the time of the arrival at the market until sold, and the railroad companies did not provide such facilities, so that it devolved upon the packers, at enormous cost, to establish and maintain the stockyards. * * * The packers did not acquire the stockyards and establish new ones at new centers in order to secure any peculiar or mysterious advantage over the industry, but it had to be done in order to secure proper facilities for accommodating the business and furnish fair treatment to the shippers.
>
> The principal reason that the packers have become interested in the yards has been to provide such facilities and extend them as the business expanded. It is doubtful whether such efficient market places would ever have existed had they not been established in this manner.

Swift & Co., in a statement of July 23, 1917, said:

> As a matter of fact, the principal reason why packers have become interested in yards at all has been to develop them to the highest point of efficiency. When a live-stock market is young and undeveloped the opportunity to make profits is hardly sufficient to induce private capital to enter the business; it has, therefore, devolved on the packing companies to develop the yards in some cases, so as to establish a market which will attract shipments and to provide facilities for the proper handling of animals. And this the packers have done.

In refutation of this claim the stockyards records show that, in general, private capital did go in and establish adequate and successful stockyards before the big packers ever became financially interested in them, and that the big packers subsequently gained control over those yards. This control passed to the big packers not because returns on the investments were unsatisfactory to the original owners nor because they had not properly equipped and maintained the yards. The big packers acquired the yards because they were profitable and because such ownership and control gave them private advantage in the industry.

Formerly there were several successful stockyards markets which had apparently kept pace with the development of the meat-packing industry. A number of these yards companies being ambitious to expand their business, gave the large packing companies gifts or bonuses as an inducement to establish packing plants at their yards. As the five big packing companies gained a predominant position in the meat-packing business they began to use their power, as the principal supporters of the markets at the large stockyards, to have the original owners and organizers of those markets cede to them the control of the yards. The original owners in many cases unwillingly relinquished their control to the packers.

As a result of the policy of first receiving gifts from the yards companies and then obtaining from the original owners an interest in the yards, the big packers gained control of most of the important stockyards of the country. They have established a few stockyards. But of the 28 market stockyards in which one or more of the Big Five are interested not more than four of them were established by the big packers. At the 12 large markets only two of the yards—St. Joseph and Oklahoma City—were established by any of the big packers. None of the big packers had anything to do with the establishment of the stockyards at either of the four largest markets—Chicago, Kansas City, Omaha, and St. Louis.

The complete corporate records of the principal stockyards companies have not been located. In some cases parts of the records were destroyed, in others they were not to be found by the Commission. But a study of such records as are available shows that the big packers have in the past received gratis more than $9,000,000 from the yards in the form of cash, land, buildings, and bonds, in addition to the many more millions of stockyards stocks which they received free of cost. Practically all of these gifts were paid for out of the large earnings of the stockyards companies.

Section 9.—**Nonstock gifts from yards.**

Probably the big packers have received larger nonstock bonuses from the Chicago Stock Yards than from any other one yard. Swift & Co., Armour & Co., and Morris & Co. from 1892 to 1907 received $3,000,000 in bond bonuses from the Chicago Stock Yards. In 1900 Schwarzschild & Sulzberger Co. received $540,000 in cash bonus. In 1900 the Anglo-American Provision Co. received $200,000.[1] In 1902-3 the G. H. Hammond Co.[2] got $500,000 in cash. Just how much and what the big packers have received from the Chicago Stock Yards since 1907 is uncertain, as shown in Chapter V.

A joint legislative committee of the State of Kansas reported that testimony up to 1907 showed that the Kansas City Stock Yards Co. had given to various packing companies bonuses amounting to about $2,400,000 in cash and in stock. The Commission was unable to locate the records of the Kansas City Stock Yards Co. but it secured evidence from other sources which shows that this stockyards company has given to the big packers the following nonstock bonuses: To Morris & Co. in 1904 $575,000 in cash and a site for a packing plant; to the Cudahy Packing Co. $500,000 in cash and a site for a packing plant valued at $129,000; to Sulzberger & Sons Co. in 1898 $200,000 in cash and a packing house site valued at $35,000.

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[1] Later absorbed by Armour & Co.
[2] Later absorbed by Swift & Co.

The Union Stock Yards Co. of Omaha in 1887 gave to Swift & Co. $100,000 cash. About 1890 the Cudahy Packing Co. received a site for a packing plant from the Omaha Stock Yards Co. And in 1900 Armour & Co. received from that yards company 20 acres of land.

The St. Louis National Stock Yards Co. in 1893 gave to Swift & Co. $100,000 cash and a site for a packing plant. The same year Morris & Co. received a valuable tract of land from the stockyards. In 1901 the stockyards company gave to Armour & Co. 20 acres of land and in 1903 Armour received $388,000 in cash from the yards.

The St. Joseph Stock Yards Co. gave to Morris & Co. in 1897 $260,000 cash and a site for a packing plant. Also in 1897 this stockyards company gave to Swift & Co. $90,000 and a site for a packing plant. The next year Swift & Co. received an additional $390,000 from the St. Joseph yards company.

The Fort Worth Stock Yards Co. in 1902 gave to Armour & Co. $300,000 of the yards' bonds and 21.8 acres of land. At the same time Swift & Co. received from the Fort Worth yards $300,000 of the yards' bonds and a site for a packing plant.

The Sioux City Stock Yards Co. gave to the Cudahy Packing Co. real estate and building valued at $100,000. In 1901 that stockyards company gave to Armour & Co. 12½ acres of land.

The following letters show that the big packers were aggressive in demanding bonuses and other concessions from the stockyards companies. These letters do not disclose evidence of a desire on the part of the packers to secure stock in stockyards for the purpose of providing better facilities. On the other hand they do show the power of the packers to force stockyards companies into granting advantageous concessions:

In 1905 Armour and Swift interests purchased about 3,500 acres of land across the river from the present Kansas City stockyards, located in what is now known as North Kansas City. It has been persistently rumored, and not without foundation in fact, that this land was secured either for the purpose of establishing new stockyards there or to threaten to do so; the latter as a means of securing concessions from the Kansas City Stock Yards Co.

The following extract of a letter written December 28, 1912, by C. M. Brewer to Kidder, Peabody & Co., reporting an interview with an official of the "Armour-Chapin estate," throws some light on this question:

ARMOUR, KIRKLAND B. ARMOUR, J. OGDEN. CHAPIN, SIMEON B.	Trustee u/w Marietta Chapin, c/o Armour & Co., Chicago, Ill.

In regard to the Armour-Chapin estate, I called at the office of Mr. Chapin this morning, but learned that he resides permanently in New York City. However, his partner referred me to a Mr. Croll, who, I believe, is treasurer of the Armour Company. *He seemed* to be perfectly familiar with the project, as he informed me that Mr. Thayer

had tried to get the Armours and Swifts interested some time ago, but was unsuccessful, as the profit to Thayer, etc., seemed to be too great. He tells me that Mr. Thayer tried to sell the common stock to them at $100 per share.

In regard to the packers removing from the Kansas City location, he informed me that Swifts and the Armours have purchased all available property on the other side of the river, and did probably intend to locate their yards over there. He also said that the only parties that Mr. Thayer could get interested were Morris & Co., who did not own any land across the river, and could not obtain any, as the Swifts and Armours had acquired all of it. He said that old P. D. Armour originally held a very large block of this stock, but had sold a considerable amount, and had distributed a very large amount among his relatives; and it is a part of this latter lot that they now hold. He can not see any reason whatever for depositing his stock, as he feels that he will be as well, if not better off, with the present company.

V. D. Skipworth, who wrote the following letter to the president of Sulzberger & Sons Co., was then associated with that company. He is now vice president of its successor, Wilson & Co., Inc.:

Personal.

EXECUTIVE DEPARTMENT,
Chicago, January 23, 1913.

MR. G. F. SULZBERGER,
New York, N. Y.

DEAR SIR: Referring to your letter of January 18, regarding Kansas City yards situation. You no doubt received my letter written the same day in regard to my interview with the Cudahy people. I was talking to Mr. McNaughton today and he told me there have been no developments since our conference but he expected a party in Chicago tomorrow who is coming direct from Thayer and he, in all probability, would have some news to give me next Saturday. I would not be surprised but that they would be made a proposition similar to the one as outlined in your letter. It of course gave Mr. McNaughton no information that any proposition had been made us, but in line with my conference with him last week he spoke of the probability of our working together on an independent proposition which I feel is a logical thing to do if we consider it necessary to bring pressure to bear upon the interests now controlling the Kansas City yards.

I have been negotiating quietly for a suitable tract of land, south of our Kansas City plant for some time. I have two tracts in mind; one not so very desirable and one which I consider very adaptable for the purpose. I have been over the ground myself, have blue prints and descriptions of all available property in that locality. I am having Harry Friedberg, a Kansas City lawyer, who is absolutely reliable and very capable, working out the real estate feature. Fortunately he is intimate, personally, with the agent who controls the sale of these lands. This agent, of course, does not know what Friedberg wants the land for. The interesting part of it is that a portion of the land is now owned by a subsidiary corporation of the Kansas City Stock Yards Co.

The tract that I am figuring on as being most-desirable is about one-half to three-quarters of a mile south from our plant and comprises about twenty acres. I am endeavoring to get an option. The asking price is around $2,250 per acre. I quote you below wire just received from Mr. Friedberg:

"Doing everything to carry out your wishes, two parties interested are out of city. Rumor that railroad people desire all property in vicinity has caused temporary boom. If I could take few days time and not crowd matters too much I know I can make better terms. Wire me what is my limit in price and whether or not I can put up any cash money for option. Have already lined up all parties but I would advise going slow in order to save money. Delayed wiring as people out of town expected

back yesterday. I learned this morning they will be back Saturday. Have talked to their agents. Am still following it up."

I am writing Friedberg today to use his judgment as regards the opportune time to work out a satisfactory option proposition and telling him that I think he ought to be able to option the property not to exceed $2,000 per acre.

The question of the driveway from this tract to our property and thence to the Cudahy plant is one that may be somewhat difficult to work out, but I believe that it can be done. For instance, from the property to our plant I expect to get authority from the drainage board to construct a driveway on the top of the dike.

I fully realize that if we feel it necessary to take any steps towards organizing a competitive yard that it must be done in a manner that will leave no doubt as to the seriousness of our intentions. In other words, it will be carried out without any element of a bluff. If we are successful in getting the land that I have in mind I do not know of any condition that will prevent us from working the thing out along practical lines.

I feel that now or the immediate future is the opportune time to put this proposition through with the maximum effect, as the interests now in control (particularly the Boston people, who are not practical) would undoubtedly look upon any demonstration of a competitive yard as a very serious matter, especially if it leaked out that the same was backed up by two large packing concerns who have heretofore drawn their live-stock supply from the Kansas City yards.

My method of procedure would be for us to acquire the land and right of way, then organize a corporation, ourselves and the Cudahy interests keeping entirely in the background, leaving it to the Kansas City Yard Co. to find out who was really engineering the deal, which they would have no difficulty in doing, and I believe that before we got very far we would be well paid for our trouble and would be offered satisfactory terms for participation in the Kansas City Stock Yards Co.

I am keeping close to the situation and hope in a few days to be able to advise you of successful negotiations for desirable lands.

I am also in close touch with the Cudahy people, who, I think, are sincere in their desire to work with us, which I am very glad of for the reason that if it should become necessary to take up the independent stockyard proposition it is only naturally that the matter would carry considerably more strength by the fact of two concerns being behind it rather than one. In fact, I do not believe that a proposition backed by only one concern would be taken very seriously by the Kansas City yard people.

Yours very truly,

[Signed] V. D. SKIPWORTH.

VDS'IW

It is interesting to note from this letter that Sulzberger & Sons Co. was not aware that the reorganization which had just taken place marked the passing of control of the Kansas City yards to the Morrises. Skipworth refers to "the Boston interests now controlling the company," apparently not knowing that the principal Boston stockholders were dummies for Morris (see p. 49).

The following two letters were written by E. A. Cudahy at Chicago to Mr. M. R. Murphy, superintendent of the Cudahy Packing Co. at Omaha:

JUNE 24, 1912.

MR. M. R. MURPHY,
South Omaha, Neb.

DEAR SIR: Some time ago, before Swift started his new improvements at South Omaha, he bought a tract of land, it was reported, on the Iowa side of the river, near the drawbridge. It was not purchased in his name, still it was reported that it was

purchased by Swift & Company. There was never anything heard about it, and it may be possible Swift & Company had a bonus from the stockyard company for putting up improvements. I wish you would see John D. Creighton, or, if McPherson is a director, see if you can learn from either of these men if Swift did get a bonus. I think this is the first thing we want to find out.

I wouldn't send off any fireworks about it or talk to any outside people at all. Whatever we do we ought to do in a very quiet way. We might need some fireworks to help us in the end, but we don't want to start them now.

I don't think there is any use of saying anything to Mr. Buckingham at the present time—not until we take it up with the president of the yards; and I will do that after I have had a talk with Mr. McNaughton, after he returns from looking the ground over with you.

Yours truly,

June 24, 1912.

Mr. M. R. Murphy,

South Omaha, Nebr.

Dear Sir: I have your several letters, and note what you say in reference to your talk with Mr. Buckingham.

I hesitate about going to the Stock Yard Co. and asking them for a bonus, because I think the policy of the yards is controlled by Armour & Company, and of course they understand the situation thoroughly, and you can't get anything out of them unless you can do it by force. I could never see our way quite clear so that we could really force them to give us a bonus.

I understand you have stopped the work of tearing down and getting ready for grading, and you had not better do anything on it until you hear further from me.

I will make arrangements to see Mr. Dunham some time this week, and in the meantime I wish you and Mr. McNaughton would look over the ground thoroughly and see whether it is possible for us to unload hogs from the tracks that are in at the present time, weigh them and yard them, and handle them in a way that would be satisfactory to us and to the shipper, and to be able to take care of a part of our supply, if not our entire requirements.

To start a new stockyard and build an entire plant is almost too big a proposition to undertake alone; still, if we could get another packer, like S. & S. and Morris to go in with us, I would be very glad to undertake the establishment of a new market in Council Bluffs, or somewhere on that side of the river.

I wouldn't figure on taking any small amount from the Stock Yard Co.; if we can get anything, we can probably get quite a nice-sized bonus.

If the Government men want to know why you have stopped, tell them we have under consideration the plan of building an entire plant somewhere else.

Yours truly,

The following letter was written by G. C. Shepard, vice president of Cudahy Packing Co., to another Cudahy official:

January 31, 1916.

Mr. F. S. Hatch,

The Cudahy Packing Co., Los Angeles, Cal.

Dear Sir: We have your letters of January 26 and 27 with regard to the intermountain proposition. We also have your letter of January 28 with regard to the Ogden Packing Co. proposition.

Since we last wrote you we have received a telegram from some bankers at Pocatello, who represent a large body of live-stock men, and in this telegram they have offered us a bonus of $250,000 if we will put up a plant at that point. We are now in correspondence with them to get full details as to just what they expect and what they can offer in the way of live stock, what power would cost, etc., etc.

Pocatello is not as good a location as Salt Lake, but they certainly know how to come through with a bonus proposition. What Mr. Cudahy would like to know is, How much of a bonus do you figure the commercial interests in Salt Lake would be willing to give us if we were to either take the intermountain plant over and operate it or build another plant in Salt Lake? If we could get a bonus of, say, $250,000 we do not think there would be any hesitation whatever in going ahead with that intermountain proposition.

We would like to have your opinion on this subject. In the meantime we will be compelled to give these people at Pocatello some sort of answer. At the same time your opinion as to the possibility of raising a bonus in Salt Lake would go quite a long ways with us. If you think it would be raised without any difficulty there we might be inclined to string the Pocatello people along a little further until you could advise us with some degree of definiteness.

Kindly let us hear from you.

Yours very truly,

THE CUDAHY PACKING CO.
GCS H G. C. SHEPARD.

Section 10.—Methods of acquiring control of yards.

The following are the chief methods by which the big packers acquired control of the principal stockyards companies:

Receipt of shares of stock as gifts for locating or expanding packing plants at the yards; receipt of stock dividends on stock already held; and occasional cash payment for small amounts of stock.

Organization of new companies to acquire control over established stockyards.

These two methods of acquiring stockyards are best explained by giving the history of how they acquired control over certain important stockyards companies.

THROUGH CAPITAL STOCK GIFTS AND BONUSES.—Examples illustrating this method of acquiring control over certain important stockyards are given below.

Union Stock Yards Co. of Omaha.—The Union Stock Yards Co. of Omaha was organized in 1884 with a capital stock of $1,000,000. In 1886 this stockyards company gave to Fowler Bros. (subsequently absorbed by the National Packing Co.) as a bonus for locating a plant at the yards $100,000 of its stock and sold to Fowler an additional $100,000 of its stock for $75,000. The capital stock of the stockyards was thereby increased to $1,200,000, $125,000 of which was represented as appreciation of assets without the addition of cash receipts.

In 1887 the yards company gave to Swift & Co.[1] as a bonus for establishing a plant there $100,000 of its stock and agreed to sell it $100,000 additional stock of the yards company at par. The Swifts[1] bought $23,200 of the $100,000 additional stock offered. The same

[1] From the records available in most cases it is impossible to tell whether the gifts and bonuses by the yards were received by the packer families or the packing companies. Hence, where "Swift & Co." is used it may mean "the Swifts," and vice versa. The same is true for the other packer families and companies.

year the yards company gave as a bonus to the Armour-Cudahy Packing Co. $150,000 of its stock (of which the Cudahys received $103,100 and Armour $46,900), and agreed to sell the packing company $100,000 additional stock at par. In order to pay these gifts to the packers, and to sell them additional stock the authorized stock of the yards company was increased from $1,200,000 to $2,000,000 and the property assets of the company written up $250,000—the amount of the gifts.

From 1887 to 1889 Armours' holdings of stock in the Omaha stockyards increased from $46,900 to $166,900. In the same period the Cudahys' holdings increased from $103,100 to $159,400. The Swift holdings remained stationary.

In June, 1890, a stock dividend of $1,800,000 was issued by the company, which was a dividend of 90 per cent. In December, after the stock bonus, Armour held $407,900 of the stock. He probably, before the declaration of this dividend, bought an additional $47,800 of the stock, which, together with his $166,900 already held, would have given him a stock bonus of $193,200. Or he may not have bought until after the declaration of the dividend, in which case he would have received a dividend of $150,200 on his $166,900 and bought $90,800 stock to make his total holdings $407,900.

The Swifts sold some of their stock in 1890, either before or after the declaration of the 90 per cent stock dividend, because in December, 1890, they had on the books $195,800, whereas a 90 per cent dividend on their $123,200 holdings of 1889 would have given them a dividend of $110,900, or a total of $234,100. They may have sold $38,300 stock after the declaration of the dividend. Or they may have sold $20,200 of their $123,200 before the declaration of the stock dividend, in which case they would have received $92,800 stock dividend on their holdings of $103,000, which would have given them the $195,800 which stood to their credit on the books at that date.

The Cudahys also sold a large part of their holdings in the Omaha yards in 1890 either before or after the declaration of the stock dividend. A 90 per cent stock dividend on the $159,400 holdings of 1889 would have given them a dividend of $143,500, or a total holding of $302,900. So they may have sold $192,500 after the dividend so as to decrease their holdings to $110,400 in December, 1890. Or they may have sold $101,300 just before the dividend, so that they received a 90 per cent dividend on only $58,100, or $52,300 as a dividend. This would make their holding $110,400 as it was in December, 1890.

In December, 1891, the Armour holdings of stock had increased to $535,400, which was an increase of $127,500 over the previous year. This additional stock was probably bought in the open market.

At the same time the Cudahy holdings were reduced to $57,700, which was a reduction of $52,700. This stock was probably sold in the open market.

In 1893 the Omaha yards declared a stock dividend of 25 per cent which on Armours' holdings of 1891 would have given them an additional $133,800, making a total holding of $669,200. In 1897 the stockyards company gave to the Armours as a stock bonus an additional $750,000, which would have given them a total holding of $1,419,200. In 1898 the records show that the Armours held $1,511,100 of the stock; so they must have bought a little additional stock. In 1903 a 25 per cent stock dividend was declared, which would, on the basis of the Armour holdings in 1898, give them a stock dividend of $377,800, which, together with the $32,800 stock bonus which was given the Armours in November of that year, made their holdings $1,921,700. The Commission ascertained that in 1916 the Armours (excluding the Allertons) had a holding of $2,080,800 of stock in the Omaha Yards.

If the Armours now own only $2,080,800 of the capital stock of the Omaha yards, certainly less than 25 per cent of their holdings represents stock which was actually purchased. More than 75 per cent of it represents stock gifts and stock dividends.

Some time after 1891 the Cudahys disposed of all but 45 shares of their interest in the Omaha yards, and the Swifts disposed of a part of theirs. The two 25 per cent stock dividends—one in 1893 and the other in 1903—would have increased the Swift holdings of 1890 to $305,900 in 1903, providing none of their stock had been sold up to that time. But in 1916 L. F. Swift is found holding $73,600 and E. F. Swift $102,000, a total of only $175,600. The exact extent to which they realized on their gifts and stock dividends in this company is not known. However, it is evident that practically their entire holdings in the Omaha yards were a result of stock gifts and did not represent cash investment.

Fort Worth Stock Yards Co.—In 1893 the Fort Worth Stock Yards Co. was incorporated in the State of West Virginia with an authorized capital stock of $1,000,000. By 1900 the largest stockholders in the company were J. R. Hoxie, of Chicago, and L. V. Niles and G. W. Simpson, of Boston. They together owned about two-thirds of the stock, while the rest of it was held by local investors at Fort Worth. At that time there were only a few small packing plants at Fort Worth and the yards attracted little live stock. The local owners in the yards together with the Fort Worth Chamber of Commerce decided to induce some of the large packers to locate packing plants there. So in January, 1902, they made agreements with Armour & Co. and Swift & Co. whereby in consideration of these two packers establishing packing plants at Fort Worth the

two packing companies were to be given as bonuses about two-thirds of the stock in the stockyards company, $600,000 of 5 per cent bonds of the stockyards company, and $100,000 in cash.

In order to carry out the above agreement with Armour & Co. and Swift & Co., in 1902 the capital stock of the Fort Worth Stock Yards Co. was increased from $1,000,000 to $2,000,000 and the company issued $1,200,000 of 5 per cent bonds. Of these stockyards securities the two big packers were given as bonuses $1,320,000 ($660,000 apiece) of the stock, or 66 per cent of the total, and $600,000 ($300,000 apiece) of the bonds. Messrs. Niles and Simpson retained the balance of the stock ($680,000). The packers were paid the additional $100,000 by the citizens.

In 1903 the authorized capital stock of the Fort Worth Stock Yards was further increased from $2,000,000 to $3,000,000. From that date to 1917 the *outstanding* capital stock was increased from $2,000,000 to $2,750,000. As to whether this increase of $750,000 was declared as stock dividends or represents investment of outside money the Commission is unable to state. Since 1902 Swift & Co. and Armour & Co. have bought on the outside little or no stock of the stockyards company, as their reported holdings in 1916 were 66.8 per cent of the total.

Oklahoma National Stock Yards Co.—As an inducement to get them to locate packing plants at Oklahoma City the chamber of commerce of that city in 1909–10 gave to the Morrises and the Sulzbergers a cash bonus of $600,000 ($300,000 each) and sold to the Morrises at a low price from 1,000 to 1,100 acres of land just outside the city which they paid for by selling off a small part of the lots. The city council exempted the packers from all city taxes on their property for a period of five years, gave them free 4,000,000 gallons of city water per day for their plants, and agreed to build a boulevard direct to their property. The street railway company also agreed to build a double-tracked car line to their property.

These packers at that time (1910) organized the Oklahoma National Stock Yards Co. with a capitalization of $1,000,000, of which the Morrises got $750,000 and the Sulzbergers $250,000. They gave to the stockyards company 140 acres of the land which they got from the chamber of commerce and the balance of the land (after selling a small part of it) was turned over to the South Oklahoma Town Co., which was organized with a capitalization of $1,000,000 based on the land value. It is not known just how much cash these packers paid into the yards company to build the pens and other yards equipment, but it was probably less than $500,000. They evidently received in cash from the people of Oklahoma City more than they paid into the stockyards company.

St. Louis National Stock Yards Co.—The St. Louis National Stock Yards Co. was organized in 1872 with a capital stock of $1,000,000. Morris & Co. located a plant there in 1889. Morris & Co. and Swift & Co. by 1893 had secured control of the stockyards company, but owing to the fact that the Commission was able to locate only a few of the records of the yards company it is unable to say just how these two packers secured control of the yards. Early in 1893, of the $1,250,000 of the stock outstanding the Morrises held $496,800 and the Swifts $370,200. That year the stockyards company gave to Swift & Co. $100,000 cash as a bonus. Later that year the capital stock of the yards was increased to $2,500,000, that is doubled.

In 1896 the capital stock of the yards was increased to $4,000,000. This increase in capital stock, as well as the previous one in 1893, was a stock bonus based on appreciation of the earning power of the yards, as were most of the stock increases at other yards. Then in 1900 the capital stock of the company was further increased to $5,000,000. In 1901 Armour received 20 acres of land from the yards, and at that time Armour & Co. acquired $300,000 of the company's stock, and in 1903 the yards gave Armour & Co. a cash bonus of $388,000.

The packers (excluding the Allerton interest) in 1916 held 70.1 per cent of the stock in the St. Louis National Stock Yards Co.—Morris, $1,503,600; Swift, $1,195,500; Armour, $300,000; and Wilson, $16,500.

St. Joseph Stock Yards Co.—In 1895 a small stockyards and two small packing plants were in operation at St. Joseph. The parties interested in the stockyards succeeded in inducing Swift & Co. to establish a larger packing plant there. So in 1896 the St. Joseph Stock Yards Co. was organized and incorporated with a capitalization of $500,000, with Swift & Co. the majority stockholder. It is not known whether this stock was in whole or in part a gift to Swift & Co.

In 1897—the year after its organization—the stock of the yards was raised $750,000 by cash subscription, and in 1899 it was raised an additional $250,000 by cash subscription. Swift & Co. contributed its pro rata share to these cash subscriptions—about $540,000. But about the same time Swift & Co. received $480,000 cash bonuses from the stockyards company, which would make Swift & Co.'s net cash subscription to the stock only about $60,000. In 1901 the capital stock was raised an additional $150,000 by cash subscription, of which Swift & Co. paid its share. In 1907 the stockyards company declared a stock dividend of $850,000, of which Swift & Co. received about $459,000. So Swift & Co. paid only a small net amount for its $1,324,500 stock in the St. Joseph Stock Yards Co.,

besides having its packing-house site given to it by the yards company.

In 1897 the St. Joseph Stock Yards Co. gave to Morris & Co. $260,000 cash, part of which was probably invested by Morris & Co. in the stock of the yards company. In 1907 Morris & Co. got its pro rata share of the $850,000 stock dividend. So Morris & Co.'s $739,000 stock in the St. Joseph Stock Yards Co. cost little net cash.

St. Paul Union Stock Yards Co.—In 1897 the owners of the St. Paul Union Stock Yards Co. gave to Swift & Co. as an inducement for locating a packing plant there $1,000,000 stock in the stockyards company. This was done by increasing the capital stock of the yards from $1,000,000 to $2,000,000 through a declaration of a stock dividend.

In 1916 the owners of the St. Paul Union Stock Yards Co. gave to Armour & Co., as an inducement for locating a plant there, $500,000 of the yards company's stock. This was done by declaring a 25 per cent stock dividend, which through the stockholders was turned over to Armour & Co. At the same time Armour & Co. received an additional bonus of $100,000 of the yards stock and $400,000 in cash from the citizens of St. Paul, part of which stock the citizens bought from Swift & Co.

So Swift & Co. did not pay anything for the $974,500 stock which it holds in the St. Paul Union Stock Yards Co. Armour & Co. bought only $9,000 of the $609,000 which it holds in that yards company, but Armour & Co. received an additional $400,000 cash bonus from the citizens of St. Paul.

Sioux City Stock Yards Co.—The $400,000 of stock of the Sioux City Stock Yards Co. owned by Armour & Co. was given as a bonus in 1903. In 1893 the Cudahy Packing Co. was given a bonus of $200,000 of the stock of the Sioux City Yards, and since that date has apparently sold $65,900 of that stock and still holds $134,100. In addition to receiving all their stock in the stockyards gratis, both Armour and Cudahy were given packing-house sites at Sioux City. The Swifts own $1,693,900 of the voting stock of the Sioux City yards, which was apparently bought. The stock has proved to be a good investment for the Swifts, and it was evidently acquired as an investment because Swift & Co. at the time of the acquisition of the stock had no packing plant at Sioux City.

Milwaukee Stock Yards Co.—The Milwaukee Stock Yards Co. opened for business in 1905. Originally these yards were owned by the National Packing Co. In 1912 they were conveyed to Swift & Co., together with the Plankinton Packing Co., as a result of the liquidation of the National Packing Co. The Milwaukee Stock Yards' capital was increased from $10,000 to $200,000 in 1916 through a stock dividend of $190,000.

Salt Lake Union Stock Yards Co.—In September, 1916, the Salt Lake Union Stock Yards Co. gave to the Cudahy Packing Co. as a bonus for locating a plant at those yards $25,000 of its capital stock. As an additional inducement for locating a plant there the citizens of Salt Lake City, associated under the name of the "Industrial Co.," gave to the Cudahy Packing Co. a packing plant valued at about $100,000 and a $25,000 bonus, $14,000 of which was paid in stock of the stockyards company by the stockholders of the yards company.

The Salt Lake Union Stock Yards Co., in order to fulfill its obligation to the Cudahy Packing Co., increased its authorized capital stock from $100,000 to $250,000 and declared the additional capital stock "fully paid-up treasury stock," to be sold by the company or to be given to the stockholders as stock dividends. It was out of this additional capital stock the $25,000 was given to the Cudahy Packing Co., and $50,000 to the old stockholders, $14,000 of which the stockholders gave to the Cudahy Packing Co. In addition, the yards company sold stock to the amount of $19,600 for cash at par, making a total outstanding capital stock of $194,600.

Wichita Union Stock Yards Co.—The Wichita Union Stock Yards Co. opened for business in 1887 with a capital stock of $200,000. In November, 1906, it had an authorized capital stock of $600,000.

The following extract from a contract between the Wichita Union Stock Yards Co. and the Cudahy Packing Co. illustrates the method and negotiations by which the Cudahy Packing Co., in November, 1906, acquired its first interest in these yards:

First party (Wichita Union Stock Yards Co.) further agrees that it will transfer on the corporate books of first party and deliver to second party one-sixth of its entire capital stock. Said transfer to be made and said stock dividend to the Cudahy Packing Company on the 17th day of November, 1906, or in a reasonable time thereafter.

In consideration whereof

The second party—The Cudahy Packing Co.—on its part agrees:

(*a*) To continue the operations of said packing plant for a period of ten years from the date on which it shall take possession of said plant under the said contemplated purchase.

(*b*) Second party further agrees that for the period of ten (10) years in which the second party agrees to continue the conduct of said packing business in Wichita, Kansas, at said packing plant, and for a further period of ten years thereafter all purchases of hogs, cattle, or sheep made by the second party for use in connection with the conduct of the business of said packing plant at Wichita, Kansas, shall be made from the stockyards of said first party and shall be delivered and weighed through said stockyards of first party at Wichita, Kansas, provided, however, that a sufficient supply of stock of the proper grade and quality for the operation of said packing plant can be procured at the yards of said first party at Wichita, Kansas. In case said second party shall purchase stock for use in its packing plant at Wichita from other stockyards while there is an adequate supply of stock of the proper grade and quality at the yards of first party in Wichita, Kansas, then said first party shall be entitled to its regular charge for handling said stock, whether same is delivered through its yards or not. * * *

As a result of this contract with the Cudahy Packing Co. the Wichita Union Stock Yards Co. increased its authorized capital stock to $700,000 and gave to the Cudahy Packing Co. $111,566.66 of its stock.

In November, 1908, the yards company gave to the Cudahys in consideration for increasing their packing plant capacity an additional bonus of $300,000 of its capital stock which was made by increasing its capital stock to that amount—making an outstanding capitalization of $1,000,000. At this time the city of Wichita also gave to the Cudahy Packing Co. free water and sewerage facilities.

In November, 1909, the yards company again increased its outstanding capital stock $400,000—making the outstanding capitalization $1,400,000. Of this $400,000 there was distributed as a stock dividend $150,000 and $250,000 was sold to the stockholders for $130,000 in cash—an average of $52 per share.

The Cudahys admit that they now own $584,100 of the stock of the Wichita Union Stock Yards Co. At least $473,300 of it was given to them free of cost and the balance if bought, was secured for much less than par. The yards company now carries on its books as an asset "packing-house contracts" $516,666, which are the contracts it has with Cudahy Packing Co. and with the Jacob Dold Packing Co. It is not known whether or not Dold received any of the stock in these yards in return for the contract.

Through organization of new companies.—In three instances the big packers have used the method of organizing new companies to acquire control of stockyards which are already in operation. It is an inexpensive method of acquiring control of yards as the examples here given show.

Kansas City Stock Yards Co.—The Kansas City Stock Yards Co. of Missouri was organized in 1871 with a capitalization of $100,000. Up to 1887 its capitalization had increased to $2,500,000. In October of that year its capital was increased to $4,040,000 of which $1,515,000 was a stock dividend, $505,000 was new subscription. In 1890 a stock dividend of $404,000 was paid. In 1892 Armour was given a stock bonus of $500,000 and the real estate of the yards company was appreciated that amount. In 1907 a joint legislative committee of Kansas made the following statement in reference to the increase of the capitalization of the Kansas City Stock Yards Co.:

The records show that during twenty-six years of consecutive business the company paid on the capital actually invested in the business an average of 32½ per cent annually in cash dividends to stockholders and 34½ per cent in stock and real estate dividends to stock holders, or a total of 67 per cent in dividends was paid each year for twenty-six years. At various times during the twenty-six years the company was recapitalized, and in each instance two shares of new stock were given for one of the old. This record also shows that hardly two and one-half million dollars has been paid by the stockholders in cash to the treasurer of the company; that the balance

of the outstanding stock (or five million dollars) is the capitalization of earnings, or the amount that the real estate is presumed to have increased in value during this time.

The testimony shows that since the last reorganization the company has issued $1,500,000 in bonds, and during this time its capitalization has been raised one and one-half millions, or to $9,000,000, and that the bonds are being retired and stock substituted in their stead.

By 1912 the Kansas City Stock Yards Co. had increased its outstanding capital stock to $8,160,000. Up to that time each of the Big Five had a little interest in the yards company but their combined interest was comparatively small. At that time Edward Morris, Sr. conceived a plan whereby he succeeded, at little cost to himself, in gaining control of the Kansas City stockyards property. His plan is fully set forth in the following letters which, October 24 and 30, 1912, passed between him and Kidder, Peabody & Co.:

OCTOBER 24, 1912.

Messrs. KIDDER, PEABODY & CO.,
115 Devonshire Street,
Boston, Mass.

DEAR SIRS: I am proposing to organize a corporation under the laws of the State of Maine under the name of "Kansas City Stock Yards Company of Maine," for the purpose of acquiring all or a substantial majority of the stock of the Kansas City Stock Yards Company of Missouri.

The new corporation will have an authorized capital stock of $11,500,000 of which $9,000,000 par value will be preferred stock and $2,500,000 par value will be common stock; both the common and preferred shares to be of the par value of $100 each.

The preferred stock will be entitled to 5% cumulative dividends, payable quarterly, the first dividend to be payable February 1st, 1913. The preferred stock will also be preferred to the extent of par and accrued dividends in case of liquidation but will have no voting power, except in case of failure to pay two consecutive dividends on the preferred stock, in which event it shall thereafter have full voting powers until all accrued and unpaid dividends have been paid in full. No mortgage or other encumbrances shall be placed upon the property of the new corporation without the consent of at least two-thirds in interest of the preferred stockholders.

I propose to offer to the stockholders of the Kansas City Stock Yards Company of Missouri the opportunity to exchange each share of stock which they own in the Missouri corporation for one share of the preferred stock of the new Maine corporation, and I propose to pay to each stockholder of the Missouri corporation, who elects to make such exchange, the sum of $10 in cash for each share so exchanged. This offer is to be conditional upon not less than seventy-five percent. in interest of the stockholders of the Missouri corporation exchanging their stock in accordance with this offer, provided, however, I may at my option make the exchange if a less number of stockholders elect to exchange their stock.

The amount of preferred stock of the Maine corporation to be issued in the first instance will be limited to the amount of stock of the Missouri corporation which is exchanged in accordance with the above offer.

Of the $2,500,000 of common stock to be issued by the Maine corporation, I propose to take and pay for $1,250,000 par value at $50 per share in cash, and will cause the remaining $1,250,000 par value to be offered for subscription at $50 per share to such of the stockholders of the Missouri corporation as elect to exchange their stock for preferred stock of the Maine corporation on the basis of one (1) share of the Maine corporation for every seven (7) shares of the Missouri corporation. Where the number

of shares owned by any one individual is not divisible by seven, if the excess number of shares owned by him is four or more he shall have the right to subscribe for one (1) additional share of stock. If the excess number of shares is less than four (4) he shall have no right to subscribe in respect of the excess number of shares. I propose that the taking of this remaining $1,250,000 par value of common stock at $50 per share shall be underwritten, for which I propose to pay an underwriting commission of $62,500.

I desire to secure your services in procuring the consent of the stockholders of the Kansas City Stock Yards Company of Missouri to the exchange of stock herein proposed, and if you will undertake the matter, I will pay to you the sum of $25,000 in case not less than seventy-five per cent in interest of the stockholders elect to make the exchange, or if I elect to make the exchange with a less percentage of the stockholders consenting thereto, and I will pay you in addition the sum of seventy-five cents per share for every share of the stock of the Missouri corporation which is exchanged in addition to the seventy-five per cent hereinbefore mentioned.

The proceeds of the common stock of the Maine corporation will be used by me for the following purposes:

To pay the sum of $10 to each of the stockholders of the Missouri corporation who elects to make the exchange; to the payment of the underwriting commission of $62,500; to the payment of your compensation, and to the payment of all legal and other expenses incurred in connection with the carrying out of this proposition, and the balance remaining will be paid into the treasury of the Maine corporation, so that the entire amount of common stock of the Maine corporation and the entire amount of preferred stock to be issued in the first instance will be issued as fully paid in exchange for the stock of the Missouri corporation which is exchanged in accordance with this offer, and in addition the net amount of cash remaining from the proceeds of the common stock which is to be paid into the corporation as hereinbefore stated.

The opportunity to exchange the stock hereinbefore provided for will remain open until December 2nd, 1912, unless the time for such exchange is extended by me.

If you undertake to arrange for the exchange of the stock on my behalf, I agree from time to time to provide you with such preferred stock of the new Maine corporation, such amount of cash and such amount of common stock of the new Maine corporation as may be required to be issued and paid to the stockholders of the Kansas City Stock Yards Company of Missouri.

If the foregoing plan should not be carried out because a sufficient number of stockholders of the Kansas City Stock Yards Company of Missouri fail to consent thereto I will reimburse you for all legal expenses which you may have incurred in the premises.

Yours very truly,

EDWARD MORRIS.

OCTOBER 30, 1912.

EDWARD MORRIS, Esq.,
Chicago, Ill.

DEAR SIR: We acknowledge the receipt of your favor of October 24, relative to our acting in connection with the proposed exchange of stock of the Kansas City Stock Yards Company of Missouri for stock of the Kansas City Stock Yards Company of Maine and will act for you in the matter upon the terms stated in your letter.

We understand that since your letter of October 24 was written, the following modifications have been agreed to by you:

First. Stockholders in Kansas City Stock Yards Company of Missouri shall have the right to subscribe for fractions of a new share of common stock and the right to subscribe to fractions of the new shares shall be assignable.

Second. As we are to act as depositary, we are to be paid the usual fees of a depositary in addition to the other compensation provided for in your letter of October 24.

Third. If not less than 75 per cent in interest of the stockholders of the Kansas City Stock Yards Company of Missouri have deposited their stock with us on or before December 2, 1912, you will, at our request, extend the time for making exchanges of stock for a period of not exceeding six months.

Very truly yours,

October 31, 1912, Kidder, Peabody & Co. issued to the stockholders of the Kansas City Stock Yards Co. of Missouri the following circular:

To the stockholders of the Kansas City Stock Yards Co. of Missouri:

The directors of your company have unanimously approved the following plan for the exchange of stock in your company for the stock of a proposed new company to be known as the "Kansas City Stock Yards Company of Maine," having a capitalization of $11,500,000, divided as follows:

Common stock (par value of $100 each)	$2,500,000
Preferred stock (par value of $100 each)	9,000,000

Entitled to 5 per cent cumulative dividends quarterly, the first dividend to be payable February 1, 1913. The preferred stock will also be preferred to the extent of par and accrued dividends in case of liquidation, and will have no voting power except in case of failure to pay two consecutive dividends on the preferred stock, in which event it will thereafter have full voting powers until all accrued and unpaid dividends have been paid in full. Provision will be made to the effect that no mortgage or other encumbrance shall be placed on the property of the Maine corporation except with the consent of at least two-thirds in interest of the preferred stockholders.

Stockholders of the Kansas City Stock Yards Company of Missouri may exchange each share of stock in the Missouri corporation for one (1) share of the preferred stock of the new Maine corporation and $10 in cash, and such of the stockholders of the Missouri corporation as elect to assist this offer may subscribe to one share of the new common stock of the Maine corporation at $50 per share for each seven (7) shares in the Missouri corporation owned by them and deposited.

Rights to subscribe for new common stock will not be assignable, except that rights to subscribe to fractions of one new share may be purchased or sold so as to enable the holder to subscribe for one full share.

The amount of preferred stock of the Maine corporation to be issued in the first instance will be limited to the amount of stock of the Missouri corporation which is exchanged in accordance with the above offer.

We mention that the entire issue of common stock has been subscribed for and underwritten, payable in cash at $50 per share, which insures the successful placing of the common shares in case the present shareholders do not avail of the offer.

The cash proceeds of the common stock will be applied in the first instance to the payment of the $10 per share to be paid to the stockholders of the Missouri corporation, to the payment of an underwriting commission of 5 per cent on the $1,250,000 of common stock which is offered for subscription as above stated, and to the payment of the other expenses of carrying out the proposed plan, including the compensation of the bankers, and the balance will be paid into the treasury of the Maine corporation.

The entire amount of preferred and common stock of the new Maine corporation to be issued in the first instance will be issued as fully paid for the stock of the Missouri corporation which is exchanged and the cash to be paid into the Maine corporation, as above stated.

The directors of the Kansas City Stock Yards Company of Missouri and the largest stockholders of that Company have already agreed to deposit their holdings in exchange for the preferred stock of the new Maine corporation and to subscribe for the full quota of common shares to which they are entitled.

We enclose herewith form of consent to exchange of stock and subscription to common stock of the Maine corporation. Stockholders who desire to avail themselves of the opportunity to exchange their stock should sign the enclosed assent and forward it to the undersigned, together with their certificates of stock of the Missouri corporation indorsed in the blank. They will receive in exchange therefor our negotiable receipt. Such of the stockholders as elect to exchange their stock and desire to subscribe for the new common stock, should also fill out the subscription agreement.

Unless at least 75 per cent in interest of the stockholders of the Missouri company have deposited their stock for exchange with us on or before December 2, 1912, we may, at our option, be relieved from all liability hereunder by returning to the depositing stockholders the stock deposited by them.

In case the plan is declared operative we shall, upon receipt of the stock of the Maine corporation, be prepared to retire our receipts, issuing therefor such an amount of preferred shares and such an amount of common shares in the Maine corporation, plus balance due in cash, to respective depositing shareholders, as receipts call for.

No charge will be made to depositors.

KIDDER, PEABODY & CO.,
115 Devonshire St., Boston, Mass.

BOSTON, *Oct. 31, 1912.*

Accompanying and printed as a part of the above circular was the following statement:

We, the undersigned, directors of The Kansas City Stock Yards Company of Missouri, having carefully considered the offer of Kidder, Peabody & Co., set out in their circular under date of Oct. 31, 1912, and being unanimously of the opinion that it is for the best interests of our shareholders to accept the same, have agreed to deposit our shares (except qualifying shares) and have subscribed to such shares of the common stock of the Kansas City Stock Yards Company of Maine as we are entitled to, and we recommend the same action on the part of all stockholders.

CHARLES F. ADAMS.
CHARLES F. MORSE.
WALTER HUNNEWELL.
FRANCIS L. HIGGINSON.
EUGENE V. R. THAYER.
C. MINOT WELD.
FRANK H. DAMON.

Some of the stockholders of the Missouri company objected to relinquishing their proportion of control of the yards property. Below is a sample of Kidder, Peabody & Co.'s reply to such objectors:

NOVEMBER 29, 1912.

JOHN A. CHAPMAN, Esq., Agent,
1212 Chicago Stock Exchange Bldg.,
Chicago, Ill.

DEAR SIR: Acknowledging your letter of November 27, and replying categorically to your questions, we are informed by interests identified with the board of directors.

1. The assets of the Maine corporation in the beginning will consist of the deposited stock of the Kansas City Stock Yards Co. of Missouri and some cash in bank derived from the sale of common stock. The stock of the Missouri corporation deposited in exchange for stock of the Maine corporation will, we understand, be transferred to the Maine corporation.

2. You are correct in stating that each seven shares of the old company is to have the right to subscribe to one share of the common stock of the new company, and that this provides for the issuance of slightly more than one-half of the proposed

issue of common stock of the new company. The balance has been sold at $50 per share on the same terms to new interests, which the management firmly believe will stimulate the business and make it certain that the property will earn a sufficient amount to insure dividends on the new preferred and common shares equal at least to the rate of dividend you are receiving on your present holdings. They inform us at the present time that they have heretofore earned a 6 per cent dividend on the stock, except that for the six months ending June 30, 1912, the earnings were $30,000 less than the amount of dividend paid. Since that time the earnings have been showing a little better.

3. The only basis on which a depositing shareholder can subscribe to the new issue of common stock is that outlined in our circular, namely, one share of common for every seven shares of old stock deposited.

4. The cash proceeds of the common stock—$2,500,000 at $50 a share—amount to $1,250,000. The first charge of $10 a share to the present outstanding shares of the Kansas City Stock Yards Co. of Missouri amounts to some $880,000, the second charge (an underwriting commission of 5 per cent to underwrite approximately one-half the common capital to be offered to the depositing shareholders, amounting to about $1,250,000 par value) amount to $62,500. In addition to that our counsel fees, bankers' fees, and expenses incident to deposit of the stock, it is expected all of this is accomplished that approximately $250,000 would be paid into the treasury of the Maine corporation.

5. Regarding the position of a nondepositing stockholder, a stockholder in the old company is, of course, under no obligation to deposit his stock, but the management believe that under the proposed arrangement the old stock represented by the new preferred will be on an absolutely permanent 5 per cent basis, and the stockholders who avail themselves of the privilege of taking the new common stock to which they are entitled will eventually receive more than their present dividends on the old stock in dividends on both classes of the new stock and be able to dispose of their new shares (should they so desire) in a broader market than they have had for the old stock. Should these conditions materialize, there may be some question as to the future basis of exchange for the stock of the old company.

6. We are informed that the reasons for this proposed exchange are similar to those in respect to the Chicago Junction and Union Stock Yards Co. of Chicago, namely, to cement with the company large interests active in using the property and insuring their being domiciled at this particular point for the transaction of their business in the future as in the past.

Very truly yours,

[Signed] KIDDER, PEABODY & CO.

In accordance with Morris's plan the Kansas City Stock Yards Co. of Maine was incorporated on December 26, 1912. By April 5, 1913, through Kidder, Peabody & Co., the holders of $7,930,400 of the common stock of the Missouri company had exchanged their holdings for $7,930,400 of the preferred stock in the Maine company plus $793,304 in cash. In this exchange the holders of the Missouri company's stock could have bought $1,132,900 (one-seventh of $7,930,400) of the common stock of the Maine company for $566,450 ($50 per share), but they actually bought only $1,055,900, for which they paid $527,950 ($50 per share). For its service in this matter Kidder, Peabody & Co. was paid $39,328.

Subsequent to April 5, 1913, there was an additional $61,100 of the common stock of the Missouri company exchanged for the same amount of preferred stock of the Maine company plus $6,110 cash. This made the outstanding preferred stock of the Maine company $7,991,500 and left $168,500 of the common stock of the Missouri company yet unacquired by the Maine company. This remaining $168,500 common stock of the Missouri company was bought for cash by the Maine company, for part of which it paid $125 per share.

Edward Morris and others bought $1,444,100 of the common stock of the Maine company for $722,050 ($50 per share), which, together with the $1,055,900 of stock given in exchange for stock in the old company, brought its outstanding common stock up to $2,500,000. On May 1, 1916, the Kansas City Stock Yards Co. of Missouri was liquidated and its property was taken over by the Kansas City Stock Yards Co. of Maine. The bonds of the old company were assumed by the new company.

Thus the Morrises succeeded in gaining control of the Kansas City Stock Yards Co. It is known that Edward Morris personally bought $1,250,000 of the common stock of the new company (50 per cent of the total voting stock) at a net cost of $562,500—he paid $625,000 and received an underwriting fee of $62,500. Morris & Co. also received some of the common stock in the new company by exchanging its holdings in the old company. This gave the Morrises control of the new company.

The list of the holders of the common stock of the Kansas City Stock Yards Co. of Maine furnished the Commission by the company as of June 30, 1917, disclosed very little direct holding of the stock by the Morrises. Practically all the Morris holdings stood on the books in the names of others, such as E. V. R. Thayer, of New York; R. A. Hitchings, of Boston; and Martin H. Foss, of Chicago. The Commission was able to find only $1,065,800 (or 42.6 per cent of the total) of this stock accredited to the Morrises, so it is doubtful if all the Morris holdings were identified.

From the viewpoint of the yards company the reorganization increased the outstanding capital stock $2,331,500—from $8,160,000 to $10,491,500—and placed less than $250,000 cash in the company. From the $1,250,000 which was paid for the common stock of the new company was deducted: the $799,414 paid to the holders of stock in the old company, who exchanged for preferred stock in the new company; the organization expenses of the new company as well as the Morris $62,500 underwriting commission; the $39,328 Kidder, Peabody & Co. fee; and the $185,000 or more paid for the stock in the old company, which was bought by the new company.

Jersey City Stock Yards Co.—The stockyards at Jersey City, N. J., are a part of the terminal equipment of the Pennsylvania Railroad Co., and the yards facilities are owned by that railroad. The yards are leased by the railroad company to the Jersey City Stock Yards Co., an operating company.

The first Jersey City Stock Yards Co. was organized February 27, 1873, by Samuel W. Allerton and George W. Gregory. This company leased the yards for a period of 30 years. February 12, 1903, the lease was renewed for an additional 10 years.

Before the expiration of this second lease in 1913 the Pennsylvania Railroad through Allerton made an effort to identify Armour & Co. and if possible Swift & Co. with its yards at Jersey City in order to increase the business of that railroad by getting these two packers to ship their live stock to the East over the Pennsylvania. At the same time that Allerton was negotiating with Armour & Co. in reference to these yards, Morris & Co. through A. W. McLaren was endeavoring to lease the yards. The Pennsylvania Railroad had been getting $25,000 a year rental for its Jersey City stockyards and this was the figure at which they were offered Armour & Co. Morris & Co. offered $50,000 a year for the lease, but its offer was not accepted, and the yards went to Armour & Co. at $25,000.

The reason the Pennsylvania Railroad leased its yards to Armour & Co. instead of Morris & Co. although the latter company offered double the rent paid by Armour & Co. is set forth in a number of letters that passed between these parties at that time. These letters are given as Exhibit 3, pages 282–296.

Having completed its arrangement with the Pennsylvania Railroad, Armour & Co. incorporated the Jersey City Stock Yards Co. for $500,000 and opened the yards for business under the new control February 12, 1913. The entire $500,000 capital stock was issued to the following:

R. C. Bonham, Ridgewood, N. J. (president)	$20,000
R. C. Bonham, trustee	296,900
Kate Allerton Johnstone, Chicago	50,000
H. A. Chetham, Chicago	90,000
Ira F. Brainard, Pittsburgh, Pa	32,500
Thomas A. Hughes, Jersey City, N. J	10,000
Lee S. Harvey, Jersey City, N. J. (secretary)	300
L. H. Hersey, Jersey City, N. J. (treasurer)	300
Total	500,000

Armour & Co. admit owning $297,500 of this stock and Swift & Co. admit owning $90,000 of it. The Armour stock stands in the names of Bonham, Harvey, and Hersey; the Swift stock in the name of Chetham.

After beginning business the Jersey City Stock Yards Co. operated six months before any money was paid for capital stock. At the expiration of six months the earnings were sufficient to pay a dividend of $42,000. Following the declaration of this dividend $100,000 was paid the company for capital stock and the additional $400,000 capital stock was issued for "property" which property was the contract with the railroad company.

Armour & Co.'s $297,500 stock cost a net investment of only $34,500, which is 11.6 per cent of its holdings. Swift & Co.'s $90,000 required a net investment of only $10,440.

The net earnings of the Jersey City Stock Yards Co. from February 12, 1913, to December 31, 1916, four years, were $594,764. During these four years dividends amounting to $342,000 were paid to stockholders and the other $252,746.14 of earnings remained in the business. Of this dividend Armour & Co. received $178,500 (exclusive of the first dividend, which was used as part payment for the stock) and Swift & Co. received $54,000 (exclusive of the first dividend). In other words, within four years after these two packers obtained control of the yards they realized in dividends their original investment of $44,940 and $187,560 in addition.

Chicago Stock Yards Co.—The history of the Chicago yards and of the deals by which the packers secured their bonuses and by which Armour & Co. acquired a stock interest in the Maine company is so remarkable that a separate chapter (Chapter V) is given to this subject.

DIRECT RESULTS OF BIG PACKER CONTROL OF STOCKYARDS.

Section 11.—Packer yards' services, charges, and profits.

YARDS SERVICES.—The big packers' assertion that they offer superior facilities and services at the stockyards controlled by them is not sustained by evidence. The yard facilities of their stockyards have generally been expanded since acquisition by them, but the expansion in facilities have been in most cases only to the extent absolutely necessary to take care of the increased live-stock receipts, in other cases the expansion of facilities has been totally inadequate. There has been much dissatisfaction and criticism on the part of live-stock commission men and shippers as to the poor facilities and services which are given at the stockyards controlled by the big packers.

At virtually all the large stockyards there is complaint on the part of the live-stock producers and commission men that the stockyards companies do not employ a sufficient number of employees to unload and handle the animals through the yards. At some of the yards, as at Omaha, a part of this work has to be done at the expense of the commission firms. The stockyards company receives its regular yardage charges for the work, even though the services

are not performed by it. Also, at the large yards there is a wide complaint on the part of both producers and commission men that the stockyards do not have adequate weighing facilities to take care of the heavy business. As a result, the producers suffer losses because of the long wait of the animals before they can be weighed up to the buyers.

A complaint which is found at practically all stockyards is that the yards are not kept clean. No doubt this condition in the past two years has been partly due to the general shortage of labor. But the complaint runs back for several years at Denver, Omaha, St. Louis and Chicago. Another complaint at some of the packer controlled yards is that there are not a sufficient number of pens to take care of the incoming animals.

The following report of a committee of the Omaha Live Stock Exchange sets forth the complaints of the exchange against the facilities and services of the Omaha stockyards which is controlled by Armour:

OMAHA LIVE STOCK EXCHANGE COMMITTEE REPORT.

At the regular October meeting of the exchange held Friday, October 5, 1917, the following resolutions were unanimously adopted and were immediately presented to Mr. Buckingham:

"Moved that the railroad and stockyards committee be instructed to see Mr. Buckingham and demand immediately relief from the congested conditions in the cattle yards. If such relief can not be obtained immediately, the committee shall take up the situation with Mr. Dunham at Chicago at once."

No reply having been received from Mr. Buckingham, and no particular improvement in service, your committee instructed Secretary Stryker, who was then in Chicago, to arrange with Mr. Dunham, president of the Omaha Stock Yards Co., for a conference with him in Chicago at his early convenience. This conference with arranged for Saturday, October 13. Mr. Dunham called Vice President General Manager Buckingham and Traffic Manager Shellberg of the stockyards into Chicago to be present.

At the outset President Tagg outlined in a general way the desire of the exchange and its membership to work with the stockyards company in the upbuilding of the Omaha market. He showed that for 12 months period beginning September 1, 1916, and ending August 31, 1917, exchange members spent 9,191 days in the country soliciting for the Omaha market. This would be equivalent to 25 men out every day in the year above mentioned. He suggested the stockyards company employ solicitors with the view to protecting the interests of this market and preventing if possible much live stock being diverted to other competitive markets. He pointed out to Mr. Dunham that our yards were not large enough for the runs we are attempting to handle and the shippers to this market were losing large sums of money on account of delays in the yards. Another point made by Mr. Tagg was that we need more buying competition and suggested securing another packing house in addition to those already at Omaha. He mentioned also the serious harm which had been done the Omaha market by semiembargoes placed upon this market by representative of the stockyards company within the past few weeks, explaining that much business had been diverted from the Omaha market to other markets on this account.

Mr. Anderson, chairman of the railroad and stockyards committee, following Mr. Tagg, outlined briefly the work of his committee during the past eight months, the agreement made between the committee and the yard company, and the changes to be effected in the service. He suggested. that commission men had done their part in effecting these changes but that the yard company had seemed unable to take up their share of the burden. He pointed out benefits to all concerned [on] account of the new system of weighing in the cattle yards, suggesting at the same time, however, that unless the yard company shall make arrangements to take live stock away from the scales after weighing, the improvement effected by the commission men would be of little or no avail.

At about this state of the conference Mr. Dunham made the statement that the Omaha yards represented a personal investment of Mr. J. O. Armour, who realizing the importance of Omaha as a market center, invested his money in the Omaha house and yards as a personal venture. He, Mr. Dunham, stated perhaps he had been partially to blame in not having kept up with the growth of this market; that it was his intention not to jeopardize the interests of the Omaha market in favor of another market. He mentioned the difficulty of securing labor and touched strongly on suggestions of the Government that no large sum of money be spent at this time in promoting projects that could very comfortably wait until the conclusion of the war. He again stated in this connection, however, that it was not his intention to hamper the growth of this market and that if mistakes had been made in the past they must be remedied. He mentioned among other matters that commission men continually employed the yard company's best employees. This was answered to the effect that if the yard company paid its employees more money they would be able to keep them.

Mr. Will H. Wood next took up the conditions at the several cattle scales during the week just past, showing in detail when these scales were opened in the morning, when the first draft was weighed, when the first men showed up at the scales, the delays during the day, and, in fact, a pretty complete report of the several scales performances. He laid particular emphasis on the fact that we must have more men and more pens at the Omaha yards.

Mr. H. H. Roberts, of the committee, suggested that not only were there delays now, but that there was congestion and delay in the winter time; that they were serious delays in delivering cattle to commission men. He made the further point that if there were more pens in the yards it would require less labor to handle the stock. At this point Mr. Buckingham suggested there would be less delay if commission men would get their cattle from the chutes, which was their plain duty.

In answer to a question of Mr. Tagg the secretary made the statement that while there were a number of pens in the sheep barn, which had been cemented for hog yarding, there were not as many pens in the present hog yards proper as were used for hog purposes in 1890 and 1891.

Secretary also mentioned a number of improvements which could be temporarily installed; more pens on the south side of the yards, more pens to the west of the yards, temporary cattle pens in the hog yards, and the construction of additional chutes, pointing out that Omaha was not as well supplied with unloading chutes as many of its competitors.

Taken as a whole your committee feels considerable good was accomplished. Mr. Dunham met the committee in a very pleasant manner, intimating very plainly he wanted to know if things were not going satisfactorily at Omaha. He stated that if he heard no complaints from Omaha, he might consider the market was on the down grade, but as long as complaints were coming in he knew the business men at Omaha were alive to the situation. In answer to this particular phase of the situation, Mr. Anderson explained, somewhat in detail, the position of our people. He stated that every member of the exchange was back of the complaint at hand, that the membership was in earnest and intended ascertaining, if possible, if there was any remedy for

the serious losses to our shippers and our membership [on] account of inadequate facilities and the lack of cooperation on the part of the stockyards company's management.

Mr. Dunham, in conclusion, stated that it was exceedingly difficult to do any kind of work this year, but that he expected to remedy any defects which might develop. Your committee feels that no efforts must be left neglected in bringing about a decided increase in facilities at this market and that Mr. Dunham's suggestion be desired to be kept informed of conditions at this point be taken advantage of.

Respectfully submitted,

W. B. TAGG,
FRANK ANDERSON,
WILL W. WOOD,
H. H. ROBERTS,
A. F. STRYKER,
SAM WERTHEIM.

The things thus complained of were not remedied as is shown by following subsequent report of the railroad and stockyard committee of the Omaha Exchange:

MARCH 13, 1918.

OMAHA LIVE STOCK EXCHANGE.

GENTLEMEN: Your railroad and stockyard committee had a meeting with the manager and superintendent of the stockyard company on March 9 regarding their service, prospective improvements, etc. Your committee maintained the position of mutual interest and desires to work in harmony, but that our members were insisting upon something tangible being done at once, and assurances given that necessary improvements would be made during this spring and summer. The manager stated that the company was doing all they could do, expressed himself as being desirous of giving good service, but at the same time said it was only a question of time before the commission men would be obliged to take all of the stock from the chutes in order to have proper service.

The stockyard company admit they do not deliver any of the hogs, but do deliver between 50 and 60 per cent of the cattle and 90 per cent of the sheep to the pens of the commission men.

The manager would not say what improvements would be made and refused to give an opinion until after his return from the western live-stock meeting in April.

We told him these conditions had prevailed for years and the business interests and patrons of this market had been put off in this and similar ways for years until the range season was upon us when it was impossible to do anything, and after admitting that the company had ample funds, land, etc., and that he did not believe the Government would interfere with any needed improvements, he still refused to give us any satisfaction. Your committee told him of their meeting with the railroad representatives in Omaha on the 2d when arrangements were made for the earlier arrival of the live stock at the yards. He agreed this would help them very much; however, he would not agree to deliver all of the cattle but would do the best he could.

Your committee presented facts, figures, and statements that did not admit of argument, showing there was sufficient stock in the States actually tributary to the Omaha market to supply 50 to 100 per cent more stockyard, packing-house, and buying facilities than we now have, and that because of their failure to provide these necessities this trade has been and still is diverted to other markets where the supply is not equal to their demand, creating higher prices and giving the four packers doing business at Omaha a decided, unwarranted, and unnecessary advantage.

After your committee has again gone over the situation with Mr. Buckingham we expect to take this matter up with the president of the stockyard company, and if we *do not* receive the actual and bona fide relief we ask and know this market should have

we ask permission to go to the State Railway Commission, Government authorities, or take such other action as may seem right or necessary to secure the rights and justice for the patrons of this market and ourselves.

Very respectfully submitted.

C. A. MALLORY.
F. ANDERSON.

The following letters and reports show that the service and facilities of the Denver Union Stock Yards Co. in 1917 were very bad:

CHICAGO, *February 2, 1917.*

Mr. L. F. SWIFT,
Office.

In recent conversation with Mr. de Ricqles at Denver, regarding stockyards matters generally, my attention was called unofficially to a condition at the Denver stockyards which contributed to the death of four steers, the property of the American Live Stock & Loan Co., resulting in a claim for the value of the animals and an unnecessary feed at Cheyenne, which was declined by Mr. Shoemaker.

I requested Mr. de Ricqles to give me his office file, which I promised him would not be allowed to pass out of our possession.

Mr. de Ricqles can prove by competent testimony that the yards were in such a condition that the cattle could not lie down and rest for a period of more than 24 hours. When the cattle were finally loaded in clean, dry cars they attempted to lie down from exhaustion, trampling one another to the extent that four head were killed.

He can prove by additional testimony that the cattle were in bad condition passing Wellington, only a few miles distant from Denver, and that their condition was such they had to be unloaded at Cheyenne, incurring an unnecessary feed bill of $53.95.

Mr. de Ricqles made claim against the stockyards company but his allegations were denied and the claim declined. The file was turned over to counsel for the American Live Stock & Loan Co., with instructions to file suit for the recovery of the actual value of the steers and injury to the balance, not claimed in the original demand. The suit will not be prosecuted, Mr. de Ricqles feeling that the controversy with the Denver Stock Yards Co. and the financial loss involved has become submerged in the larger questions now before the stockyards and packing interests and the live-stock people. He will always feel, however, that the Denver Stock Yards Co. have not given the consideration his claim deserves.

As a claim officer of the Santa Fe I can say that Mr. de Ricqles was the largest individual shipper of live stock on the Santa Fe System, handling more than 1,000 cars per annum, and yet I do not recall to exceed two claims filed by his company during the past five years. He is always found to be fair and, in my judgment it would be a mistake for the Denver Stock Yards Co. not to pay the claim referred to herein. Pursuant to instructions regarding live-stock matters at yards such as Denver, I recommend that you request Mr. Armour to instruct the immediate payment of the claim as filed, $219.95.

F. S. BROOKS.
[Transportation Department of Swift & Co.]

FSB:GB

THE AMERICAN LIVE STOCK AND LOAN COMPANY,
UNION STOCK YARDS,
Denver, Colo., June 19, 1917.

Mr. J. OGDEN ARMOUR,
208 South La Salle Street, Chicago, Ill.

DEAR MR. ARMOUR: In connection with the situation here at the stockyards during the month of May. I feel that it is of the utmost importance that some action be

taken so as to prevent a recurrence of the conditions that existed during May and also so that the details of operation be improved.

For your information I am inclosing herewith a copy of a letter that was written to me by the manager of our commission company at the stockyards. That company handles our cattle while in transit, and I have read this letter carefully and it is correct. Possibly some other matters could be added to it, such as the trouble we have about getting a correct in-and-out count on our cattle, which should not exist, and other details that I will not trouble you with. Such complaints as this includes have in the past been the basis of a great deal of the trouble that we have had with shippers. and it results in sentiment being created against the enterprise and, as we have often talked, much of the animosity of shippers can be directly traced to bad conditions in the stockyards or thoughtless action on the part of the buyers, and I am sure of your earnest desire to eliminate these things. I am writing to you in the nature of an appeal to secure your assistance in making it impossible for such conditions to again exist in Denver as we have just been through.

For your information I am attaching three little photographs that I took myself on Sunday, May 27, in the active part of the stockyards where cattle were constantly being unloaded, loaded and handled generally in the alleys and so forth. These photographs will show you without any further remarks just what it looked like at the end of the month. As these alleys and pens were all paved, you can realize what the conditions were. I have talked to the management about these things quite often, but their point of view and idea of what proper service consists of is so entirely different from my point of view that I do not believe that anything is gained by my going to them about it further.

I understand that something over 300 cattle were turned over to the Union Rendering Works during May in Denver, and while, of course, some of these cattle were crippled or dead on arrival, others died in the yards because of their failure to get an opportunity to rest and of the abuse they received.

I hope you will feel that I am writing this letter in the most friendly and sincere way and that these frank statements are not meant to be unkindly, but simply to put the matter in such shape that its seriousness will be fully understood. As you know, the Federal Trades Commission will commence its investigation about July 2 and it is just this sort of stuff that gives some of our radicals ammunition to shoot at the packers. I have commenced to feel that some of those in charge of this investigation are not seeking constructive results, but rather looking for fireworks and advertising. To date it has not been suggested by the attorney of the market committee that I appear as a witness.

I have absolute confidence in the promises that you and Mr. Swift made about taking care of the defaults in the management and I feel that there is no occasion for me to do more than call your attention to these things and, in view of the fact that Mr. Swift has mentioned this matter in Denver to you, I am taking the liberty of sending him a copy of this letter that I am writing to you and also a copy of the letter from Mr. Monson, the manager of our commission company.

Yours truly,

Enclosures — A. E. de Ricqles.

AEdeR-W.

J. OGDEN ARMOUR, CHICAGO.

November 8, 1916.

L. F. Swift, Esq.,

Swift and Company, Chicago.

My Dear Mr. Swift: I have your favor of even date. Yes, this is a very serious complaint and I have forwarded your letter out to Shoemaker. We had Shoemaker here the other day and we told him to go over the stockyards and see how much it

would cost to enlarge them, as we think this has to be done. But, of course, this complaint is one of many and I will see that the matter is taken up with Mr. Shoemaker. I don't know whether Shoemaker is big enough to run this job or not, but I think we should give him an opportunity, and if he isn't we ought to get somebody who can run it. I agree with you that we should not have these complaints. Of course, we have to enlarge the yards out there and when we get the estimate the matter will be taken up with you. But Colorado is growing and I think the yards should be put in shape to take care of all the stock that comes into it and in a proper manner, too.

Yours very truly,

J. OGDEN ARMOUR.

B

The following letters from Swift & Co.'s files show that the facilities at the St. Paul Union Stock Yards were inadequate to take care of the business:

SOUTH ST. PAUL, MINN., *Oct. 19, 1916.*

Mr. W. LEAVITT, *Chicago, Ill.*

DEAR SIR: Answering your letter of October 13, the yards are badly congested on Mondays. Commission men have no room to sort and their cattle are yarded all over the stockyards, any place they can find an empty pen. They have to turn a bunch of cattle into the alley and sort them, and after selling let them run back together again.

We have not enough scales to handle weighing, commission men often waiting hours after their cattle are sold to get a turn.

The Stock Yard Co. have put a rule in force not to unlock any cattle on Sunday for commission men owing to the commission men wanting to sort and taking up more pens.

The reason for the weighing being so low is on account of so many different owners to a load of cattle.

Cattle are yarded here Monday in chute pens and other pens without mangers, some loads of cattle being yarded in pens that would not comfortably hold a dozen cattle.

Hoping this answers your letter fully,

LED-N [Signed] L. E. DAUBNEY.

[Pencil note:] All the above has been corrected.

ST. PAUL UNION STOCKYARDS CO.
So. St. Paul, Minn., 10/13/1916.

MR. LOUIS F. SWIFT,
Union Stock Yards, Chicago, Ill.

DEAR SIR: I have your telegram directing me not to turn away any stock from these yards.

On Sunday, Sept. 24th, we had reports of 967 cars to come in here. We took in 855 cars and were badly overcrowded as a result. The balance of the cars were fed at New Brighton or the Twin City Yards. We felt it would be better policy at that time to ask the lines to hold out the stock billed to Chicago commission firms for fear that the last stock to arrive would be billed to So. St. Paul firms and we would not have any room for it. We will not divert any more. We did not divert any except Sundays, when reports showed more in sight than we were able to handle. I hardly think we will have any trouble the balance of the season in that respect.

Yours respectfully,

[Signed] ST. PAUL UNION STOCKYARDS CO.

WM-A By WM. MAGIVNY, *President.*

YARDS CHARGES.—That the large stockyards companies charge more for the services they perform than is necessary is shown by the large profits these yards companies make. The charge which seems most exorbitant is that for feed. Stockyards companies have a monopoly in supplying shippers and traders with hay and grain at the yards. The prices they charge for this feed are generally in excess of the market prices outside the yards. For example, on April 1, 1918, the St. Louis National Stock Yards Co. was charging $2.25 per bushel for corn, while on that date the same quality of corn could be bought outside the yards for $1.41 to $1.45 per bushel.

The high feed charges make it very costly for shippers to hold their animals in the yards from one day to another for better prices.

The following letters taken from the files of Armour & Co. in reference to the charges by the Omaha stockyards shows the packers' attitude toward stockyards charges:

MARCH 21, 1917.

MR. BUCKINGHAM: Saw Mr. U. G. Powell, rate expert of the Nebraska State Railway Commission, at Lincoln yesterday. Talked with him regarding an increase on our corn rate, with the understanding that such increase was to be but temporary, our rate to be put back to $1 per bushel just as soon as these high prices subsided. He told me that with the present commission, with Hall as chairman and the new man, Vic. Wilson, both of a similar character, so far as "protection for the general public," that he felt that if we asked for such increase we would simply be opening up a channel for these two gentlemen to insist on valuation of the yards proper, and, in other words, to go into every detail of the operation of the stockyards as a whole.

He stated that the commission, as they now stand, are absolutely against any sort of temporary relief, and that if anything whatever was done, that it was certain to be worked out on the basis of an arbitrary amount, say 25 cents per bushel over cost, and that this arbitrary would have to be used at all times in the future, even though the cost plus the arbitrary brought the selling price below $1.

Mr. Powell intimated that the new commissioner, Wilson, seemed to have two corporations in particular on his mind, they being the Union Pacific and the stockyards, and that an application from us would simply give him an opportunity to initiate us with his idea of stockyards regulation.

I spoke of the prevailing feed charges at other stockyards, and also the price we were now paying for corn, and Powell said that on the face of it, there was no question but what we were entitled to more money for this commodity, but, on the other hand, said that if the matter was brought up it would be for the purpose of ascertaining whether or not an excess profit was not being made from some other commodity, or through some other department of the yards. He rather felt that from the fact that during 1916 we were enabled to pay an additional two per cent dividend that an investigation would show that while corn was showing a loss that some of the other departments were showing too great a profit, and that the investigation would have a tendency to cut down revenues from some departments and increase the corn revenue, but in the end would give us no greater net revenue. In other words it has been the contention of the commission that our accounts should be so outlined that they might be able to determine just what net revenue we are deriving from each department, and in this manner determine whether or not the charges we make for any specific commodity or service is giving a proper return on the investment of that particular department. The commission insists that owing to the net showing from the entire stockyard operation in 1916, that if we are showing a loss in corn that some other department must be contributing too greatly and should be regulated as to charge.

Also talked with Powell regarding making our State switching rates the same as our interstate rates. Said he could see no particular reason for not having them the same, but rather felt that there would be considerable opposition from the grain men if an attempt was made to increase the rate from $2 to $3 unless the railroads would agree to absorbing the entire charge. He seemed very much concerned as to whether it would be our intention to increase the switching on live stock, but I informed him that such a change was not contemplated at this time.

You probably know that just at this time the Nebraska commission are fighting out a decision of the Interstate Commerce Commission through the Supreme Court, and Powell intimated that from the showing made that the decision in this case by the Supreme Court would straighten out the matter of jurisdiction of these two regulating bodies, and that the Nebraska commission would be successful in the case at the final outcome. Powell and the commission have been spending considerable time in this particular case and naturally feel a little bit unkindly toward any orders of the Interstate Commission. I noticed that he did not feel inclined to place very much credence to the fact that the rates were given us by order of the commission.

Just as I was getting on the train at Lincoln for Omaha, I noticed the chairman of the commission, Hall, running around the Burlington passenger depot, making various notes regarding trains. He was evidently gathering information which any of his clerks could have picked up for him, but you probably know his peculiarities and desire to have "first-hand" information.

After talking this matter of corn rates over with Powell, unless we wish to open up the subject of investigation and valuation of the entire yards, and also the changing of our accounts to coincide with the views of the commission, I gathered from Powell that he really felt the best thing to do was to allow things to stand as they are.

W. H. Schellberg.

South Omaha, Nebr., *December 26, 1916.*

Mr. R. J. Dunham,

President of Omaha Union Stock Yards Co., Chicago.

Dear Sir: We have withdrawn our application to the railway commission for an increase in the price of corn, this after conference with the rate expert, Powell, who seemingly felt that to press the application at this time was inadvisable. Henry Clarke leaves the commission January 1st, his place being taken by Vic Wilson, of Stromsburg, an extremist, who will probably insist on the physical valuation of all public-service corporations before increases of any kind are permitted. It was felt that if we insisted on the increase that the order would be based on a sliding scale, allowing us about twenty-five cents over and above the cost of the corn. We probably could prevail on the commission to make this as high as thirty cents, but at that in the long run we would lose by the arrangement. For the eleven months ending November 30th the average cost of our corn was 72 cents and our gross revenue was on the basis of $1.10 because of the "creep." This latter figure, of course, the commission knows nothing about, but in the event of a check of our books to arrive at the actual expense of the handling of the corn would bring it out, and this check Powell had been instructed by the chairman of the commission to make.

Last year's crop of corn was unusually light and bulky, which explains the "creep."

Between the new commissioner, Mr. Wilson, and Edgar Howard, the new lieutenant governor, who has always been unfriendly to the stockyards, we may have more legislative trouble than usual, although the high prices, not only of live stock but all farm products, will probably have the effect of making the farmers more lenient toward the yards, than otherwise.

Yours truly,

E. Buckingham,
Vice President & General Manager.

The Denver Union Stock Yards is an Armour-Swift company, but Armour runs the yards. The following letter from the files of Swift & Co. shows that in August, 1917, when Armour increased the charge for corn from $2 to $2.75, Traynor, the assistant to Louis F. Swift, was apprehensive that such action might arouse criticism:

CHICAGO, *August 11, 1917.*

Mr. F. S. BROOKS: I notice that on August 13th the Denver Stock Yards will increase its price for corn from $2.00 to $2.75. Think that large increases like this are inadvisable. It would have been much better to have gradually worked price up in advance of 25¢. Were we consulted by the Armour people?

EM WM. B. TRAYNOR.

The following letters from the files of Armour & Co. indicate that the big packers work together in reference to stockyards charges:

SOUTH OMAHA, NEBR., *November 13th, 1916.*

Mr. R. J. DUNHAM, President.
Chicago, Illinois.

DEAR SIR: Returned home this morning. Put in one day last week at St. Joseph yards; one day at Kansas City, and spent the latter part of the week at Excelsior Springs.

I have yours of November 7th about the price of corn: At Sioux City they are charging $1.25; at St. Joseph they are charging $1.25, and Barkley thought unless the price of corn went above $1 he was not inclined to increase over $1.25. Collett is charging $1.25, and would like to increase to $1.50, but is not inclined to do so at present. I think he would be glad to do so if St. Joseph would increase to $1.50. We will make application to the commission one day this week for the increase to $1.50—rather doubt their granting this, but feel sure they will give us $1.25. If I could say to the commission the other markets are charging $1.50, it would no doubt make them more willing to give us the higher rate.

Yours truly,

E. BUCKINGHAM,
Vice President and General Manager.

NOVEMBER TWENTY-FOURTH, 1917.

Mr. E. BUCKINGHAM,
Union Stock Yards Co., Omaha, Nebr.

DEAR SIR: For your information, we have authorized Mr. Shoemaker, at Denver, to raise his price on hay from $30 to $35, effective December 1st.

In this connection, I was talking with Swift & Company this morning, and they tell me they have raised their price at St. Joseph to $35, and although Sioux City is still on a $30 basis, they expect to raise the price there very shortly. You of course know that Chicago charges $35 for hay and $40 for alfalfa.

Very truly yours,

G. S. BAILEY.
[Private secretary to J. O. Armour.]

YARDS PROFITS.—It has already been shown that the yards now controlled by the big packers, aside from giving large cash gifts to the packing companies, donated to the packers large blocks of their capital stock and have from time to time increased their capital stock by declaring large stock dividends. Moreover, it would appear that all these yards have charg a sufficient amount for their services

to pay regularly reasonable dividends on their increased capital and in addition to put aside considerable surpluses.

Section 12.—Packers' use of yards' monopolies.

Control of the stockyards by the big packers gives them the full use of all the yards' monopolies described on page 20 of this chapter. The most important of these yards' monopolies are: Control over the dead-animal rendering business; power over the yards' banking business; power over packing-house sites and appurtenances thereto; and power over facilities used by the live-stock commission men and traders. These powers are derived from their control over the stockyards companies, and they make use of each of them either to gain large profits or to maintain their direction of the meat-packing industry.

DEAD-ANIMAL-RENDERING BUSINESS.—Among the monopolies found at practically all the big packer stockyards is that of yard rendering companies, which take all the animals that arrive dead at the yards or die after arrival. The rendering done at the yard plants consists in cooking dead animals, after the removal of the hides, in kettles or tanks and recovering therefrom tallow, grease, and tankage, products which are important material for use in the manufacture of soap and fertilizer.

These rendering companies are usually owned by the big packing corporations or individual members of packer families and their more important employees. Thus the Union Rendering Co., of St. Paul, is owned by Swift & Co. The St. Joseph Rendering Co. is not incorporated, but is operated as a division of the St. Joseph stockyards Co., which is controlled by Swift. At the other large packing centers—Sioux City, Omaha, St. Louis, Kansas City, and Chicago—members of the packer families and their employees hold all or nearly all the stock.

These companies are:

At Chicago—The Globe Rendering Co., capital stock $2,000,000, owned as follows: Morris interests, $1,157,700; Swifts, $255,300; Arthur Meeker, vice president of Armour & Co., $200,000; Wilson, $50,000; and most of the balance held by those affiliated with or employed by the big packers.

At Kansas City—The Standard Rendering Co., capital stock, $1,000,000, owned as follows: Morris interests, $606,300; Wilson, $175,000; Swifts, $75,000; Arthur Meeker, vice president of Armour & Co., $50,000; Cudahys, $50,000; and the balance ($43,700) held by those affiliated with these packers.

At Omaha—The Union Rendering & Refining Co., capital stock, $100,000, owned as follows: Swifts, $34,000 [illegible] Armours, $8,000; Cudahys, $15,000; and [illegible] ($23,000) held by employees of these pack[illegible]

At East St. Louis—The East St. Louis Rendering Co., capital stock, $240,000, owned as follows: Morris interests, $179,500; Swifts, $60,000; and the balance ($500) held by five qualifying directors of the company.

At Sioux City—The Iowa Rendering Co., capital stock $25,000, owned as follows: Swifts, $6,200; Armour interests, $6,200; Cudahys, $5,900; and the balance held by those affiliated with these interests.

Globe Rendering Co.—The Globe Rendering Co. gets all dead animals in the Chicago stockyards. This company was incorporated August 10, 1908, under the laws of Maine. On September 1, three weeks after incorporation, the rendering company entered into a contract with the Union Stockyards & Transit Co. by which the rendering company received "the sole and exclusive right to collect all dead animals found upon the premises and within the limits of the property and plant of the transit company aforesaid." The contract is for 15 years and expires September 1, 1923.

The schedule returned by the company shows that of the $2,000,000 outstanding only $200,000 was issued for cash. The balance ($1, 800,000) was given to the stockholders, issued against "property." In the schedule as returned, real estate, machinery, and fixtures, motor trucks, and inventory all appear under these heads in the statement of resources and liabilities as of date of December 29, 1917. Aside from these, the statement of resources has an item listed as "property," the amount of which is $1,835,191.93. A letter was sent to the Globe Rendering Co. for a statement of what was represented by this "property" item. The property item of $1,835,191.93 does not include any tangible "property" but represents only "good will," as shown by the following correspondence:

May 22, 1918.

Globe Rendering Co.,
357 Exchange Building, Union Stock Yards, Chicago, Ill.

Gentlemen: The receipt of Schedule A of the Federal Trade Commission, duly filled out by officials of the Globe Rendering Co., is duly acknowledged. The commission desires further information in regard to certain items covered in the schedule. You are therefore requested to furnish list of real estate acquired during the last five years and cost thereof, also buildings erected and cost thereof. It is also desired that the item "Property," which amounts to about $1,800,000 in round numbers for several years, be further explained as to what it covers. The form of statement submitted indicates that it does not include real estate, machinery and fixtures, or inventory, as those items appear separately. The commission directs that the information be mailed not later than May 27.

Yours very truly,

Federal Trade Commission.
Francis Walker, *Chief Economist.*

CHICAGO, *June 3, 1918.*

Mr. FRANCIS WALKER,
Federal Trade Commission, Washington, D. C.

DEAR SIR: In reply to your letter of May 22, wish to say that on September 14, 1917, we acquired from the Union Rendering Co. 444.18 acres farm and pasture land surrounding plant, at a total cost of $66,627. No new buildings have been erected on this property.

The "Property" item shown on our statement, amounting to $1,800,000 represents good will and does not include any tangible property.

Yours, truly,

GLOBE RENDERING CO.,
PAUL A. DETT, *Secretary.*

On the books of the board of assessors of Cook County, as of May 1, 1917, the land of the Globe Rendering Co. is carried at $32,652; improvements on land, $1,800; and personal property, $3,500; or a total of $41,956 for total real estate and personal property. The law requires such returns to be at full value. The company has acquired real estate costing $66,627 since May 1, 1917. On the books of the company the real estate is carried at $77,534.10; the buildings at $1,171.26; and machinery and fixtures, $66,517. It is clear that the $200,000 paid in was enough to cover land, equipment, and a sufficient amount of working capital. The greatest asset of the company is undoubtedly the contract for the monopoly of dead animals, which appears to constitute the $1,835,191 "property" listed in its statement of resources. It seems evident that the capital was increased to make dividends declared seem smaller.

The record of earnings and dividends for the five years (1913–'17) is as follows:

	Earnings.	Per cent on cash paid in.	Per cent on paper capital.	Dividends.
1913	$134,360.88	72	7.2	$140,000
1914	101,201.43	51	5.1	60,000
1915	86,517.13	43	4.3	120,000
1916	148,160.38	74	7.4	140,000
1917	222,394.82	111	11.1	140,000

The average annual dividend for these five years was $120,000, which is 60 per cent on amount paid in and 6 per cent on paper capital.

Standard Rendering Co.—The Standard Rendering Co. of Delaware, jointly owned by all of the Big Five, has been the monopoly rendering company at the Kansas City stockyards since its organization in 1908. Previously the Standard Rendering Co. of Maine, acquired in 1908 by this new Delaware company, and the Peet Bros. Co. of Kansas City, Kans., had been competing in the purchasing of dead animals, in these yards, and according to commission men at this market this competition resulted in satisfactory prices for dead animals. But in 1908 the rendering business of Peet Bros. was

purchased by the new Standard Rendering Co. in connection with which deal a $50,000 good-will bonus was paid Peet Bros.

The present Standard Rendering Co. is capitalized at $1,000,000, owned as follows: Morris family, $606,300; Swifts, $75,000; Cudahys, $50,000; Thomas E. Wilson or Wilson & Co. (Inc.), $175,000; and Arthur Meeker, vice president of Armour & Co., $50,000; the balance being held by employees and others affiliated with these packers.

The following letter and other data secured show that about 90 per cent of the capital stock of the Standard Rendering Co. like that of the Globe Rendering Co. represents the capitalization of earning power based on monopoly and does not represent investment of any kind:

Both Telephones Main 3186.

STANDARD RENDERING COMPANY,
850 Live Stock Exchange Bld'g,
Kansas City, U. S. A., August 16th, 1918.

FEDERAL TRADE COMMISSION,
Washington, D. C.

Re Standard Rendering Company, Your W. W. B.

DEAR SIRS: Answering your letter, as nearly as the writer can ascertain, the facts are that in January, 1918 [1908] the present company (which is a Delaware corporation) acquired all of the assets, stocks, bonds, bills receivable, merchandise, contracts, contract rights, and all other property, tangible and intangible, of the Standard Rendering Company (a Maine corporation), which had a capital stock of $1,000,000, and the Delaware corporation paid therefor $1,000,000, of which $2,500 was in cash and $997,500 in stock of the Delaware corporation; that from such information as the writer has been able to dig up it would appear that included in the assets acquired were stock and bonds of the value of $1,000; a fund of $20; construction and equipment items of the value of $90,009.28; horses, wagons, and harness of the value of $12,768.89; accounts receivable $7,598.51 less accounts payable $5,976.63, leaving a balance of $1,621.88; inventory $25,444.11, and that the property account is debited with $860,540.04, which the writer believes represented the value of contract rights and of good will. There was also a cash balance received from the sale of stock amounting to $8,595.80, all of which items together made the full capital stock of $1,000,000.

The foregoing is all the information that the writer has been able to get together.

Trusting it will fully answer your purposes, we are,

Yours, very truly,

STANDARD RENDERING COMPANY,
P. E. PRATER, *Mgr.*

On its $1,000,000 capital stock, $860,540.04 of which its manager admits represents "contract rights and good will," the Standard Rendering Co. has paid the following dividends.

		Per cent.
1912	$80,000	8
1913	80,000	8
1914	30,000	3
1915	80,000	8
1916	100,000	10

Shippers at Kansas City complain that they are not receiving a fair price for their dead animals. These dividends on stock 90 per cent overcapitalized would seem to justify this complaint.

Union Rendering & Refining Co.—The Union Rendering & Refining Co. owned jointly by the Swifts, Morrises, Armours, and Cudahys—the four big packers at Omaha—has for many years monopolized the dead animals at the Omaha stockyards. The company is capitalized at $100,000, only $20,000 of which was issued for cash. The balance, $80,000, represents stock dividends. The net earnings of the company averaged over $13,000 a year from 1912 to 1917.

Although Swift & Co. has controlled the Union Rendering & Refining Co., the following letter shows the community of big packer interest in its management:

OCTOBER 26, 1915.

H. A. C.

Mr. H. O. EDWARDS,
Swift and Company,
South Omaha, Nebr.

Union Rendering and Refining Company.

DEAR SIR: Referring to the results of the Union Rendering and Refining Company. I do not believe this company shows as good results as some other companies, with the same prospects.

I believe Morris' people as a rule understand the rendering business and have better success than the average. What do you say about having the management turned over to them for the year 1916?

Awaiting your reply.

Yours respectfully,

LOUIS F. SWIFT.

Dict. LFS
ED

East St. Louis Rendering Co.—The St. Louis National Stock Yards Co. is controlled by the Morris interests. The dead-animal business is monopolized at this market by the East St. Louis Rendering Co., also controlled by the Morris interests. This monopoly company is another example of noteworthy profits and dividends.

The East St. Louis Rendering Co. was incorporated November 30, 1903, with a capital of $12,000. In January, 1905, a 100 per cent cash dividend was paid. According to a statement made by the treasurer of the company to an agent of the Commission subsequent earnings accumulated until July 12, 1909, when the surplus was sufficient to enable the company to increase its capital stock from $12,000 to $240,000 without the investment of additional cash. It does not appear that the earnings in four years could have been $236,000, as is indicated by this explanation of the treasurer. It is more probable that a large part of the $240,000 represents the capitalization of good will or of the earning power of the company based on monopoly as is the case at the Chicago and Kansas City yards, where the Morris interests also control the rendering companies.

The East St. Louis Rendering Co. has paid the following dividends on the capital stock thus expanded:

	Per cent.
1911	20
1912	18
1913	21
1914	6
1915	30
1916	30
1917	36

The earnings of the company for the past five years are as follows:

1913	$49,784.00
1914	34,425.03
1915	64,403.76
1916	82,936.84
1917	86,156.69

The surplus on December 29, 1917, was $67,914.

The Swifts own $60,000 of the capital stock of the East St. Louis Rendering Co. The following letter to the president of Swift & Co. from its East St. Louis plant manager is an admission that the prices paid for dead animals by this rendering company are only about 25 per cent of what "they are worth":

SWIFT & COMPANY,
NATIONAL STOCK YARDS, ILL.,
ST. CLAIR CO.

MAY 3, 1916.

Mr. L. F. SWIFT, *President*,
Chicago, Ill.

Dead Hogs.

DEAR SIR: On April 11th, 1912, after some discussion (which was instituted by Mr. Collett, then vice president of the stock yards), you instructed us to let the stock yards company have, for the rendering company, all of our dead hogs which die in our holding pens and those that arrive dead in Sioux City shipments.

The rendering company are allowing us 1¼c. per lb. for the dead, and we figure, on the present grease market, they are worth 4½ to 5c per lb.

For one year we had 243 dead, weighing 50,300 lbs. On this volume and with the present high prices for grease, they are making $1,500 per year on these hogs.

We question if it would be advisable to ask the yards company for more money, as if it were granted to us they would also have to raise the allowing price on the dead to country shippers, but we wanted to put this matter up to and get your opinion as to whether or not it would now be satisfactory for us to tank our own dead.

Will you kindly advise?

Yours respectfully,

SWIFT & COMPANY,
Per F. A. H.

Manager's Dept.
FAH:EN

The letter following shows that Armour & Co. was unwilling to accept these unfair prices and arranged to tank "their own hogs." The producers and shippers, because of the monopoly arrangement, are compelled to accept the prices offered by the rendering company:

SWIFT & COMPANY
NATIONAL STOCK YARDS, ILL.
ST. CLAIR CO.

MAY 26, 1916.

Mr. LOUIS F. SWIFT, *President*,
Chicago, Ill.

Dead Hogs.

DEAR SIR: Answering your letter of May 15th.

This is to advise Armour & Company, starting to-day, are tanking their own hogs which die in the pens or which arrive dead in direct shipments.

Understand Armour & Company requested the Stock Yards Company to give them more money for the dead hogs and the yards company advised they were unable to do so, and, accordingly, Armour & Company started to-day to tank their dead hogs.

Yours respectfully,

SWIFT & COMPANY,
Manager's Dept. Per ——
FAH:EN
c/c to Mr. G. F. Swift, jr.

Iowa Rendering Co.—The Swifts, who control the Sioux City Stock Yards, also control the Iowa Rendering Co., which has a monopoly of all the dead animals at these yards. The profit results of this monpoly are indicated in the following letters:

CHICAGO, *July 20, 1917.*

Mr. EDWARD F. SWIFT,
Second floor.

Referring to the attached.

You and Mr. Louis F. Swift each own 31 shares, par value $100.

Dividends have been paid by the company recent years as follows:

January, 1916, special dividend, 50 per cent.

November, 1916, special dividend, 50 per cent.

Year 1916, regular quarterly dividend, 20 per cent per annum.

April, 1917, special dividend, 50 per cent.

January, 1917, regular quarterly dividend, basis 20 per cent per annum.

April, 1917, regular quarterly dividend, basis 20 per cent per annum.

Will it be satisfactory to you to pay special dividend of 50 per cent?

WM. B. TRAYNOR.

CHICAGO, ILL., *July 21, 1917.*

Mr. R. F. MURRAY,
Secretary The Sioux City Stock Yards Co.,
Sioux City, Iowa.

Iowa Rendering Co. capital stock tax.

DEAR SIR: Replying to yours of the 18th instant in regard to the Iowa Rendering Co.

If the rendering company made an average of 63 per cent per year for five years from their rendering operations, it would be correct to consider the fair value of the capital stock as $630 per share and make your return on this basis.

Yours truly,

JGS:FP L. F. SWIFT.
co-L. F. Swift.

ST. PAUL UNION STOCKYARDS COMPANY,
South St. Paul, Minn., May 7, 1917.

Mr. LOUIS F. SWIFT,
Union Stockyards, Chicago, Ill.

DEAR SIR: Answering your favor of the 1st inst. relative to my stock in the Iowa Rendering Company at Sioux City. Inasmuch as this stock earned $116 a share last year and is going stronger than that so far this year, I have not been looking very hard for a buyer. I gave several years of work to that institution when I was in Sioux City with the idea that I would help build up something that would be profitable to me in later years. I would therefore not care to dispose of my stock unless I could get enough for it so that the money invested in some other direction would bring me returns somewhere near commensurate to the returns I am getting now. I have 175 shares of St. Paul Union Stockyards Company stock which earned last year about $2,537.50. My 37 shares of Iowa Rendering Company stock earned last year $4,292.00. I will put these two together in an offer at $45,000.00. This offer is subject to prior sale of any part, and in any event will be good only until May 15th.

Yours respectfully,

WM. MAGIVNY.

St. Paul Union Stock Yards Co.—Commission contract.—The big packers' monopoly of dead animals is made possible through control of the stockyards. This is illustrated in the following form of contract signed by all commission men who are permitted to operate in the St. Paul stockyards. This agreement, among other things, enforces the rendering monopoly.

Form 97. 300 3-17 Rep.

These articles of agreement, made and entered into this .... day of ...., 19.., by and between St. Paul Union Stock Yards Co., a corporation duly created and organized under the laws of the State of Minnesota, hereinafter called the first party, as party of the one part, and ......, hereinafter called the second party, as party of the other part:

Witnesseth, That for and in consideration of the agreements of the second party herein contained, the first party hereby grants permission to the second party to establish and conduct the business of buying and selling live stock at the yards and upon the premises of the said first party, at South St. Paul, Minn., and also agrees to lease to said second party office space in the Exchange Building of the said first party, located in its yards at South St. Paul, upon the terms and conditions fixed and determined by the lease therefor executed between the parties hereto, when space shall be available.

The second party hereby agrees to establish and conduct the business of buying and selling live stock in the yards and upon the premises of the said first party at South St. Paul, Minn.

It is agreed that all live stock consigned to, delivered to, or in possession of said second party may be yarded and fed by said first party, and said first party shall have and receive therefor the rate and price established by said first party. And said first party shall at all times and under all circumstances have the right to direct the location and pens in which any live stock may be kept at said stockyards.

The said second party agrees to collect for said first party, free of expense, all the charges of said first party for yardage and feeding, together with freight and all other charges due said first party, or for which said first party shall be liable or holden upon all live stock received at the yards of said first party and consigned to or forwarded by said second party, or that may be turned over to said second party at said stockyards, whether the same is or is not consigned to said second party and to promptly

pay the same over to said first party whenever demanded, hereby agreeing to personally so promptly pay to said first party on demand all such sums or charges, whether collected or otherwise made from other parties or not.

And the said second party hereby agrees to hold said first party harmless and to protect it against any and all claims that may be brought against it by reason of loss or mixing of live stock during the hours when the pens are unlocked and the live stock therein contained is delivered to said second party.

It is further agreed that all animals that may arrive dead at or that may die in the stockyards of said first party and consigned to or in charge of said second party shall be sold and disposed of as directed by the said first party, as to manner, price, and purchaser.

The said second party agrees to promptly indemnify the said first party for any damages that may occur by reason of the said first party having accepted and executed the orders of the said second party or the agents thereof for the handling or delivery of live or dead animals in the stockyards of the said first party, or for any damages that may occur by reason of the said first party having delivered to the said second party or the agents thereof any live stock in said yards, authority for which delivery is based upon the representations or requests made by the said second party or the agents thereof to the said first party.

The said second party hereby agrees, in conducting the said business of buying and selling live stock, to conform to, observe, and obey all the by-laws, rules, regulations, and contracts of the said first party now or hereafter made or promulgated, relating to or governing the transaction of business at or through the stockyards of said first party.

The said second party agrees to furnish a bond in the sum of five thousand ($5,000) dollars for the faithful performance of this contract, with sureties, all to the satisfaction of said first party, and to furnish additional bond from time to time whenever said provided bond shall become inadequate or unsatisfactory to said first party.

It is further agreed that said second party shall begin business as herein stipulated on the —— day of ———, 19—, and shall continue under this contract until the —— day of ———, 19—, unless this contract be sooner rescinded by the mutual consent of the parties hereto. And it is further expressly agreed by the parties hereto that the said first party may cancel this contract upon thirty (30) days' written notice should said second party violate any of the terms hereof.

And it is further agreed that the said second party shall not sell nor assign any interest in this contract or in the business carried on thereunder without the written consent of the said first party indorsed hereon.

In witness whereof the said first party has caused these presents to be signed by its president and attested by its secretary, and its corporate seal to be hereto affixed, and the said second party has ——— at South St. Paul, Minn., the day and date first above written.

St. Paul Union Stock Yards Co.,
By ——— ———, *President.*

Attest:

——— ———, *Secretary.*

Stockyards banks and cattle loan companies.—The business of loaning money on cattle is one of the activities of every stockyards market. At these market centers millions of dollars are loaned to producers and feeders of cattle, the cattle being assigned as security for such loans. Loans are usually made through the stockyards banks and cattle loan companies for periods of six months and the interest rate varies from 6 to 8 per cent.

Almost all the banks and cattle loan companies in or beside the stockyards controlled by the big packers are owned and operated by them, and inasmuch as they control stockyards handling over 75 per cent of the cattle bought and sold at all the stockyards they consequently are in an advantageous position with respect to handling live-stock credit.

With the exception of Kansas City the only banks, and in most cases the only cattle loan companies, operating in the big packer stockyards are those owned and controlled by the same packer or packers who control the yards. For instance, at St. Paul, Fort Worth, and Denver, where the yards are jointly owned by Swift and Armour, the banks and cattle loan companies are jointly controlled by these same interests. At St. Joseph and Sioux City Swift controls the yards and likewise controls the only banks and cattle loan companies in these yards. At East St. Louis the Morris interests control both the yards and the banking and cattle loan facilities.

The business of loaning money on cattle is of such a nature that it can not be entirely monopolized by any one interest at any one yard. Loans may be negotiated by agents representing companies outside the yards. However, the extent of this independent business is comparatively small, so that the banks and cattle loan companies established in the yards have a preponderating influence.

While the packers practically have all the business of loaning money on cattle at all the stock yards they control, it is noticeable that they do not operate cattle loan companies in the stockyards independently owned nor to any extent at other points. It would seem to follow that it is their control of the stock yards that enables them to dominate the live-stock credit at their yards.

The big packers' power over these banking facilities through control of the stockyards is illustrated at the St. Louis National Stock Yards. These yards are controlled by the Morris interests and the only bank permitted within the yards is the National Stock Yards National Bank, which is likewise controlled by the Morrises. This bank advertises as "the largest bank in Illinois outside of Chicago." Its deposits on March 4, 1918, were over $18,000,000 and its loans and those of the National Cattle Loan Co. affiliated with it were over $17,000,000. The volume of the banking business is made secure through a lease dated April 1, 1914, between the stockyards and the bank. This lease expiring May 1, 1928, stipulates that it is upon the express condition that during the term of the lease or any extension thereof "the lessor will not lease any of its property at the National Stock Yards, or any interest therein, to any person, firm, or corporation doing a banking business or allow such business to be conducted therein by any person, firm, or corporation other than the lessee, its successors or assigns."

Consequently when the Drovers National Bank was recently organized at East St. Louis to compete with the Morris bank it could not secure a location within the stockyards. It was compelled to locate at a point one-half mile from the Exchange Building. Practically all of the business of the new bank is with commission men and other stockyards patrons, whose offices are in the Exchange Building.

It is evident from the correspondence that the packers have been aggressive in organizing these financial institutions or acquiring an interest in them. The following letters from their files show the effort made by Armour to acquire a substantial ownership in the bank and loan company at the St. Paul yards:

APRIL 18, 1916.

Mr. LOUIS F. SWIFT,
Swift & Co., Chicago, Ill.

DEAR SIR: In compliance with your message of to-day, I could not meet Mr. Hill until 2.30 this afternoon. He had a great deal to say in reference to the proposed Belt Line and how much good it was going to do South St. Paul and how much good Professors Smith and Crane had done to build up the northwest and the live-stock interests, and finally said that he did not think he should be asked to give up 50 per cent of his holdings in the Cattle Loan Company and Bank, but he finally agreed that he would give up one-third.

His holdings are now 990 shares, he having given ten shares of his stock to Mr. J. J. Toomey, his private secretary. This would make 330 shares that he is willing to give up. I told him that I did not know how arrangement could be made under such circumstances, as the other party would probably want $100,000 worth of stock. This would leave 170 shares beside the $500 increased capital to be raised. I told him I thought it would be practically impossible to get the stockholders to contribute any portion of this. He claimed that he thought they ought to, etc.

He evidently wished to convey the idea that he had been quite a factor toward building up the live-stock business since he came into the bank, and I think he wants to have as large an interest as anyone.

This is the best proposition I could get out of him, and I await your further instructions.

Yours respectfully,

SWIFT & COMPANY,
Per J. S. BANGS.

Manager's Office.

CHICAGO, *April 21, 1916.*

J. O. A.:

Our cable and other efforts indicate that 95 per cent of the stockyards stockholders have signed their waivers for increase of capital.

The other 5 per cent we are working on, but in several cases the stock is trusteed and the trustees are hard to get at, and their powers are limited, and various other reasons.

About the suggestion of Mr. Hill to sell one-half of his stock of the Bank and Cattle Loan Company, which would be $50,000.

He suggests that he thinks this is too much, and that he should only sell 33⅓ per cent, or $33,000.

I inclose you memorandum showing how this would make it on both the Bank and Cattle Loan Company, and you will note the percentage.

L. F. S.

St. Paul Stock Yards Bank:	Per cent.	St. Paul Cattle Loan Co.:	Per cent.
Armour	23.8	Armour	23.8
Swift	22.85	Swift	26.74
Hill	19.06	Hill	19.06
Miscellaneous	34.29	Miscellaneous	30.40
	100.00		100.00

May 2, 1916.

Louis F. Swift, Esq.,
Swift & Company, Chicago.

My Dear Mr. Swift: Of course I would like to have 50 per cent of Mr. Hill's holdings in the bank, but under the circumstances I am willing to accept 33⅓ per cent if you can not do better for us.

Yours very sincerely,

J. Ogden Armour.

Law Offices of Albert H. & Henry Veeder,
76 West Monroe Street, Chicago, July 21, 1916.

J. O. Armour, Esq.,
% Armour & Company,
Union Stock Yards, Chicago.

Dear Sir: Referring to correspondence between yourself and Mr. Louis F. Swift, which confirms an arrangement Mr. J. S. Bangs made with Mr. J. J. Hill before the latter's death, whereby you were to have one-third of Mr. Hill's holdings in the Bank and Cattle Loan Company at South St. Paul at book value: Will say that Mr. Hill's death is very unfortunate in this matter.

Mr. Louis Hill takes the position that it will be impossible for him to carry out the arrangement made with his father, because, in the first place, the estate is in the court's hands for one year, and after that time the consent of the other nine heirs must be obtained; and that he was unwilling to present the matter to them and undertake to get their consent, owing to his being so very busy with other matters; but that he is perfectly willing to contribute his proportion, when he obtains his distributive share in his father's estate, and has no objections to the matter being put before the other heirs.

If there is anything that I can do in this matter, or if you desire me to assist your legal department in any way in this matter, I shall be happy to be of service.

Sincerely yours,

Henry Veeder.

July 24, 1916.

My Dear Meeker: I am surprised at the attitude Mr. Louis Hill is taking. I should think any arrangement their father made before his death would be absolutely binding on the estate and I can not understand it and this don't suit me and we will not stand for it.

You can so advise Mr. Hill, either through Mr. Urion or Mr. Faulkner, and if necessary I will take matter up when I come back to Chicago.

I certainly would think that Mr. Hill would not take the position he has just because his father died. If this is going to be his attitude I feel sorry for his career; and I don't believe it will be his attitude, either.

Yours truly,

J. Ogden Armour.
H.

Mr. Arthur Meeker,
Armour & Company, Chicago, Ill.

Packing-house sites and appurtenances thereto.—In addition to owning or controlling most of the important stockyards in the country, the big packers, through their land-development companies, also own or control practically all the land which is suitable for packing-house sites near those yards. The independent packer who desires to locate a packing plant at one of these big packer stockyards can not get a suitable site for his plant unless the big packer consents to lease or sell land to him. The big packer stockyards, as a matter of fact, with few notable exceptions, have neither leased nor sold to the independents who desired packing-house sites for businesses of any considerable extent.

The big packers' monopoly of desirable packing-house sites at the principal stockyards, and their refusal to sell, has forced the independents who desired to locate at those markets to build their plants outside of the stockyards—in some cases 2 and 3 miles away. It is found that the independents who thus locate their plants are given little consideration from the stockyards companies in the way of spur-tracks, driveways to get the live stock from the yards to their plants and other yard conveniences which are afforded by the yards companies to the plants of the big packers. Principally because of these facts, most of the larger independent packing plants are located in rural districts or at smaller markets where the big packers have little or no control over the stockyards and packing-house sites.

At Chicago there are several more or less independent packers such as the John Agar Co. Jacob Dold & Co. has a packing plant at Wichita which was established before the Cudahy Packing Co. gained control of the Wichita Union Stock Yards Co. At Sioux City the Midland Packing Co. is now building a large plant. (How the site for the Midland company was secured from the Sioux City Stock Yards Co. will be shown later. See pages 77–79.) Practically all the other large independent packing plants are located at the smaller markets or in the country: Jacob Dold & Co., at Buffalo; Cincinnati Abattoir Co., Cincinnati; John Morrell & Co., Ottumwa, Iowa; Geo. A. Hormel & Co., Austin, Minn.; Kingan & Co., Indianapolis; Hammond-Standish & Co., Detroit; Parker-Webb & Co., Detroit; Jacob F. Decker & Sons, Mason City, Iowa; Rath Packing Co., Waterloo, Iowa; Cleveland Provision Co., Cleveland, Ohio; Ogden Packing & Provision Co., Salt Lake City, Utah; Frye & Co., Seattle, Wash.; Carstens Packing Co., Tacoma, Wash.; and Hauser Packing Co., Los Angeles, Cal.

That generally the most important independent packing plants are not located at the stockyards controlled by the big packers is shown by the map facing page 27. The map gives the location, size, and ownership of each of the stockyards markets and of each of the interstate packing plants.

Several years ago there were several large independent packing plants at the big packer yards, but they have been absorbed by the big packers, as is shown in Chapter III, page 145, and in Table 62, pages 237–256 of Part I of this report.

Just how the big packers use their control over packing-house sites and appurtenances thereto to keep large independent plants from developing at the large yards can best be shown by examining the exact situation which exist at some of these yards.

At Sioux City, where Swift & Co. control the stockyards, Armour & Co. and the Cudahy Packing Co. own desirable packing-house sites on which are located their plants. In 1917 two independent interstate packing companies, the R. Hurni Packing Co. and Statter & Co., also owned small packing-house sites on which were located plants.[1] The stockyards company leased sites to two very small local slaughterers, who killed only a few animals each week.

The Sioux City Stock Yards Co. furnished to both Armour & Co. and the Cudahy Packing Co., without cost to them, lanes or chutes for driving their stock directly from the stockyards pens to their plants and spur railroad tracks so they could load their dressed meats directly from their plants to the cars. At the same time the stockyards company refused to furnish either Hurni, Statter or the local slaughterers, lanes or chutes for driving their animals from the stockyards pens to their plants, and refused to permit Hurni to construct at his own expense a spur track to his plant, and also refused to sell Statter additional land necessary for the enlargement of his plant.

In regard to the desired land or chute for his animals Statter said to a representative of the Commission:

> For a number of years I have been compelled to drive my cattle and hogs through the main street of this district against all the traffic. We need a runway along the river bank. This could be built easily with no disadvantage to anyone. Smith Bros. and Sacks [the local slaughterers] could use the chute. From time to time I tried to get a driveway, but Mr. Eaton [president of the stockyards company] always refused. Why aren't we small packers entitled to some consideration? We are in the stockyards competing daily. It isn't so much a matter of the amount of stuff we buy as it is that we are in the game making a competing market. We help make this competitive market, but the small packer has to fight for his life.

R. Hurni & Co. had been operating at the Sioux City yards for many years and was located on a site adjoining the yards. Hurni, because of his proximity to the stockyards pens did not desire a lane or chute but asked only permission to cut a gate in the yards fence through which to drive the animals directly to his plant, but the stockyards company refused permission to allow the gate to be cut so Hurni was compelled to send stock around through the main

street referred to by Statter. On this subject Hurni's attorney testified before the Commission as follows:

Question. Was it possible, or would it have been possible to have permitted Hurni to have had those hogs driven from the hog house (in the stockyards) to his plant without going into the street?

Answer. Personally, I never had the matter of getting hogs into his plant from the stockyards up with the officers; but I did have the matter of getting cattle into his plant from the stockyards up, and tried to get them to make provision for a gate. One of the stockyards alleys runs immediately back of the Hurni plant and he wanted to get a gate from that alley into his plant so that the stock would not have to be taken through Chambers Street, but they refused to do that.

Question. The yards in which the cattle are fed for sale surround the Hurni plant on three sides, do they not?

Answer. That is true; yes, sir.

Question. And a gate into the Hurni plant would have been an easy matter to have placed on any one of the three sides?

Answer. Well, any one of two sides.

Question. That would have been a matter of a few dollars putting a gate in there?

Answer. Just a very slight expense: yes, sir.

Question. For how long a period of time did Mr. Hurni endeavor to secure the privilege of having that gate put in?

Answer. I don't know that personally. He made an effort to get it 10 years ago, and he never got it.

Question. Has the Cudahy plant one?

Answer. It has.

Question. Has the Armour plant one?

Answer. It has.

Hurni was never able to induce the terminal railways company, which is controlled by the stockyards company, to permit the construction of a spur track over to his plant so he would not have to haul his finished products from the plant through the streets to load them on the cars. This haul made an extra cost of $30 a car in addition to unduly exposing his products to the weather. Hurni appeared several times before the city council with a petition asking for a franchise to construct the track, and each time officials of the stockyards company appeared before the council in opposition and succeeded in preventing the issuing of the franchise.

Hurni's attorney testified before the Commission in regard to this matter as follows:

Question. Did Hurni make any effort at any time to secure the privilege of a spur track from his plant to the terminal railroad?

Answer. He had tried from time to time during the last 10 years to get a spur track in order to serve his plant.

Question. What is the distance from his plant to the terminal railroad?

Answer. About three blocks, on Chambers Street.

Question. And how did he get his product to the terminal railroad in the absence of a spur track?

Answer. He had to haul it with wagons to a car that was switched in on Prospect Street.

Question. And what was the expense per wagon load that, do you know?

Answer. I could not tell you that, Mr. Heney.

Question. You don't remember or recall what Mr. Hurni claimed it to be?

Answer. I don't remember except in a general way that he considered it a matter of very essential importance that he have a spur track, and said he could not meet competition and could not handle the meat advantageously by having to haul it the distance he had to haul it from his packing plant to the car, which made additional handling and additional expense.

Question. And in warm weather that was quite a serious——

Answer (interrupting). It was a serious disadvantage; yes, sir.

Question. Who had the granting of the spur track?

Answer. The Sioux City Terminal Co.

Question. And the Sioux City Terminal Co. was controlled by whom?

Answer. By the stockyards company.

Question. And who controlled the stockyards company at that time? Do you know?

Answer. Well, during the time I speak of it was controlled by the Armours and Cudahys and——

Question (interrupting). And Swift?

Answer. And Swift.

On June 16, 1917, partly because of the failure of his health, Hurni sold his packing plant to the Sioux City Stock Yards Co., which is controlled by Swift & Co. The yards company leased the Hurni packing plant to Swift & Co., and within less than a week the gate leading to the plant for which Hurni had pleaded was cut, and within less than a month the stockyards company secured from the city council a franchise to build the spur track to it. The following letter of July 13, 1917, from F. L. Eaton, president of the Sioux City Stock Yards Co., to L. F. Swift, explains the action of the city council in this matter:

OFFICE OF PRESIDENT,
Sioux City, Iowa, July 13, 1917.

Mr. L. F. SWIFT,
Union Stock Yards, Chicago, Ill.

DEAR SIR: Regarding the tracks at the Hurni packing house, we asked the council to pass an ordinance giving us the right for that track and also give us the necessary rights of way for the total track changes which we anticipate. We had a meeting with the council and discussed the matter, and they seemed ready to grant everything we wanted and just as we asked, except the track to the packing house. The mayor had opposed granting the track to Hurni, and feels that to grant it to us now would make him liable to censure; therefore he asks us to change the location of the track north of the packing house and swing it 14 feet west of the proposed line, which carries it into the stockyards property and off the street for about 400 feet. It makes a slight reverse curve and is not as good for us as to run it straight down the side of the street. One member of the council, who was rather disposed to side with the mayor, said he would like to know the feeling of the live stock exchange; so at the meeting yesterday the matter was laid over until to-morrow (Saturday) when it will be taken up again, and in the meantime I have a resolution from the live stock exchange and a petition signed by about 90 men doing business at the yards asking the council to grant this right of way just as we asked for. We can get the right of way as the mayor outlines without any question, and may have to take that, although we will try to get exactly what we want as long as there seems the possibility of doing so.

I wired you yesterday, asking you to hold up the crossing, because if we have to take the mayor's line, it will require a slightly different angle on the crossing, but we should know to-morrow what we will require.[1] * * *

Yours truly,

President.

FLE-C

To a representative of the Commission an official of the stockyards company explained its objection to the building of the spur track for Hurni by claiming that the volume of R. Hurni & Company's business would not justify the investment by the railway company; but that as Swift & Co. promised to increase the business threefold, the spur was constructed for the latter company. No enlargements of the old Hurni plant have been made as yet.

In the early part of 1917, H. Statter, the slaughterer mentioned above, because of his local influence, succeeded in forcing the Sioux City Stock Yards Co. to sell him additional land to permit him to grow. There was introduced in the Iowa Legislature the "Thompson bill," which provided that the Iowa Railroad Commission be given power to regulate stockyards charges within the State. Statter was influential in support of the bill. The Sioux City Stock Yards Co. promised to sell him land for expansion of his plant and he withdrew his support of the Thompson bill, which then died in the committee. The following letter of April 18, 1917, from F. L. Eaton to L. F. Swift states the case clearly:

THE SIOUX CITY STOCK YARDS CO.,
Sioux City, Iowa, April 18, 1917.

Mr. L. F. SWIFT,
Union Stock Yards, Chicago, Ill.

DEAR SIR: Referring to your letter of April 13th, regarding proposition of Mr. Statter, Mr. Statter has several times intimated that any proposition he made to me would not be acted upon favorably, and that he could do better by going straight to the Chicago people, and I, therefore, asked him to put his proposition in writing, and I would submit it just as he proposed it; and, in fact, I dictated my letter of April 7th to you in Mr. Statter's presence, and have refrained from saying anything further on the subject until after receiving your letter of the 13th. This much in explanation of the way in which the proposition was submitted.

When the Thompson bill was before the legislature, Mr. Statter was its most ardent supporter, and his attorney, Mr. Salinger, had more influence than any other person from Sioux City. It looked very doubtful as to our ability to kill this bill because the sentiment had been worked up among the commission men that Statter and Hurni were not being allowed to grow, and that same argument was used in Des Moines. We were able to curtail the activities of the Hurni people, but in the case of Statter we found it necessary to make the plain statement in Des Moines before the committee that, if Mr. Statter needed more ground to grow upon, we would be glad to let him have it; because we wanted more business, and finally, with that assurance upon our part, Statter and his attorney, Salinger, withdrew their support of the bill, and it died in committee.

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[1] The omitted part of this letter refers to the prospective location of a hay barn by the stockyards company.

I am, therefore, anxious that Mr. Statter shall have an opportunity to secure such ground as he may need to enlarge his packing business but, of course, I have been careful to say to him that we would have to be assured that he was so organized that he could conduct a business that would warrant the use of the amount of ground which he might desire. I have seen Mr. Salinger to-day, and prefer to talk with him, as he is rather more reasonable in his views than Mr. Statter, but Mr. Salinger says that while he is preparing to reorganize Mr. Statter's company and can sell a lot more stock, that it will be impossible to do that without assurances that they could have the ground needed. I suggested to him that, while the Stock Yards Company were unwilling to give an option of three years, they might possibly be willing to give an option for a short time, within which time Mr. Statter could make his reorganization, and I suggested six months. Mr. Salinger thought that would be short as times were now, but that possibly they might get through in one year.

I do not see how we would have any use for this ground within a year, nor can I see how it could be put to any better advantage so far as the stockyards business is concerned, than to have a larger packing house built upon it, and I further believe it would be good policy for the stockyards company at this time to show to the live-stock people and to the townspeople an inclination to encourage Statter to increase his plant.

Mr. Salinger asked that we submit some proposition to him as to what we would be willing to do, and I suggest for your consideration something like the following:

Agreed to sell Mr. Statter the land north of him for $1,250 and to sell him the land west of him that he desires, provided he shows us that he will have capital enough to carry on his business; that he will erect within a certain definite time a packing plant on the ground now owned by him or the ground agreed to be sold to him, which shall have a capacity of not less than 100 cattle and 500 hogs daily, purchasing his stock at the stockyards or paying yardage on all bought outside except such hogs as he uses in his serum plant, and which he is not permitted to buy at the stockyards; that we hold the ground subject to his purchase for one year; that at any time within the year, at his request we will agree with him as to a price, or failing to agree, will accept a price fixed by three real estate men, each party selecting one and the two selecting a third.

I fully agree with you that the preferred stock of this company is nothing that the stockyards company should take, and I told him when his proposition was submitted that I did not believe it would be considered, but I also intimated that. if we sold him the property, we would not demand the entire purchase price in cash, but would carry a part of it for a short time as a lien upon the property.

Under the conditions that are now existing here, I believe it would be well for us to make some such sort of a proposition as I have outlined, and would be glad to have you advise me what kind of a proposition would meet with your approval. If we can agree with him upon some sort of a proposition soon, it would be a good move for us to make.

Yours truly,

F. L. EATON,
FLE O *President and General Manager.*

As a result of securing this packing-house site Statter in March, 1918, reorganized the Statter & Co. into the Midland Packing Co. with an authorized capital stock of $1,000,000 common and $2,500,000 preferred. Fred C. Sawyer, manager of pork packing department of Swift & Co., resigned his position with Swift & Co. and became president of the Midland Packing Co., and on January 29, 1919, held more than 20 per cent of the issued voting stock of the company.

The other large holders of the voting stock are: H. Statter and his attorney, B. I. Salinger; C. H. Burlingame; John L. Weldon; and D. H. Brennan. The Midland Packing Co. is constructing a large modern packing plant.

Eaton stated in the letter quoted above:

I fully agree with you that preferred stock of this company is nothing that the Stock Yards Co. should take, and I told him when his proposition was submitted that I did not believe it would be considered.

At Fort Worth where Armour and Swift control the Fort Worth stockyards and the surrounding land, they have not only repeatedly refused to permit independent packers to establish packing plants there, but also declined to allow either Morris or Sulzberger to build plants at those yards. The citizens of Fort Worth and vicinity have several times asked Armour and Swift to allow other packers to come to Fort Worth, but Armour and Swift have on each occasion declined to do so on the ground that there were not sufficient hogs at the market to support another packing plant. They could not make the same claim in reference to cattle, because such a large percentage of the receipts have to be shipped to other centers to be slaughtered.

At St. Paul, after Swift & Co. and Armour & Co. had received bonuses to locate plants at the yards, a smaller packing concern, J. T. McMillan & Co., was invited to locate there also, but no bonus was offered, and the conditions proposed were such that the move would have been unprofitable for the independent and would have forced it into an agreement for apportioning the purchases of hogs, as, according to a representative of the independent plant, Swift & Co. demanded that they agree to buy not over a certain stipulated proportion of the hogs offered each day, that being the agreement between Swift & Co. and Armour & Co. The small packer did not accept the proposition.

At Wichita, Kans., the Jacob Dold Packing Co., which works in an agreement for purchasing hogs with the Cudahy Packing Co., has a site adjacent to the stockyards which was acquired before Cudahy came to Wichita, but Cudahy controls all the other sites there. An informant stated to an agent of the commission as follows:

There is not any possibility for any competitive packing company to get in and acquire ground suitable for a plant or to get a runway for cattle in a convenient location in the vicinity of the stockyards without obtaining the consent of the Cudahy Packing Co., or Mr. Cudahy.

At Oklahoma City, Morris and Wilson control all available packing-house sites in and near the stockyards. No other packer could establish a plant there without their permission.

The letter following by Paul D. Cravath, counsel for Sulzberger & Sons Co., to Henry Veeder, shows the measures taken by a big packer to get control of the most available packing-house site remaining in New York:

CRAVATH, HENDERSON & DEGERSDORFF,
52 William Street, New York.

Confidential. NEW YORK, *May 26, 1911.*

DEAR VEEDER: The Sulzbergers have just been in to see me about several matters preparatory to my departure for Europe. They mentioned, among other things, a piece of property fronting on East River and extending from 46th to 47th Streets, which is behind the property on First Avenue which the S. & S. Company owns. The river-front property in question has been occupied by Kane & Wright, dealers in manure, whose lease expires in 1913. The Goelet estate, which owns the property, is now seeking a new lessee. The property can be leased for about $15,000 a year plus taxes, and could be sublet to the manure concern for a fraction of that amount. The Sulzbergers have reason to fear that this property may be leased as the site of a new packing plant. Indeed, they have reason for suspecting that the Josephs are considering a venture in that direction, apparently realizing that their tenure of office with the Butchers Company, New York Butchers Dressed Beef Co., may not last indefinitely. Mr. Sulzberger thinks it would be wise to lease this property and get it out of the market as it is the most available, indeed, they think the only very available site for a packing plant in the packing house district. They do not feel like undertaking the burden alone as they have no possible use for the property.

Max Sulzberger when he goes to Chicago will talk to Mr. Swift about the advisability of arranging a lease of this proprety in the interest of all concerned.

I am writing you simply to give you the situation and to give you my impression that it is probably worth while to lease the property.

Very sincerely yours,

PAUL D. CRAVATH.

HENRY VEEDER, Esq.,
125 Monroe Street, Chicago, Illinois.
1 P.

The property in question, on expiration of the lease in 1913, was leased for 10 years by the Goelet estates in part to F. F. and W. A. Kane, and in part to the Turtle Bay Investors Co., which company on April 14, 1916, was merged with Sulzberger & Sons Co.—now Wilson & Co., Inc.

Thus, with the control of the packing-house sites the big packers enjoy an economic advantage over the small independents, and upon occasion these advantages are employed to the detriment of the development of competition and even to the point of forestalling development by taking over a packing-house site for which they acknowledge they have no use.

Section 13.—Power to restrain development of additional markets.

It is regarded as an economic loss to transport animals for slaughter from the wide producing area to a few large markets as is now done, rather than to slaughter the animals nearer the areas of production. This fact is indicated in the following letter from the files of Swift & Co.:

EDWARD F. SWIFT.

CHICAGO, *October 31, 1916.*

Messrs. LOUIS F. SWIFT, EDWARD F. SWIFT:

We are, *whenever necessary* in order to *get them* killed, shipping live *cattle from St. Paul to Chicago.* Mr. Chaplin advises as against killing the same cattle at St. Paul this increases their dressed Chicago cost about 29c. per cwt.

Armour and Wilson have both shipped considerable cattle from Chicago to Kansas City. Mr. Chaplin advises as against killing the same cattle at Chicago; this increases their dressed Chicago cost 92½c. per cwt.

Armour has also *shipped from St. Paul* to St. Joseph. Mr. Chaplin advises as against killing the same cattle at St. Paul this increases their dressed Chicago cost 79½c. cwt.

Wilson has also shipped live cattle from St. Louis to Kansas City. Mr. Chaplin advises as against killing the same cattle at St. Louis; this increases their dressed Chicago cost 59½c. cwt.

[Signed] CHARLES H. SWIFT.

It is here developed that to ship an animal weighing 1,000 pounds from St. Paul to Chicago to be slaughtered there is a loss of $1.59½. To ship the same sized animal from Chicago to Kansas City to be slaughtered there is a loss of $5.08. To ship one from St. Paul to St. Joseph to be slaughtered gives a loss of $3.27½.

With the present farm production of live stock as contrasted with the former range production, and with the present densities of population, a comparatively small market has about as constant supply of live stock the year around as the large markets and in addition the advantage of a local demand for a greater percentage of its meat products.

But the big packers, with their present control over the large stockyards, are opposed to the development of a great number of smaller markets. By keeping the markets limited to a few large ones they are enabled to keep them "in line" through their centralized buying organizations, but it would be much harder for them to keep a great number of markets in line. Their control of the few markets also gives them the power to control the policy of a large percentage of their competitors and to prevent others from coming into the field.

The big packers because of this attitude also use their power to prevent the development of additional stockyards markets. In some cases they buy them out and either use them for their own advantages or close them down. In at least one case two of the big packers brought pressure to bear on a railroad company to induce it to close down a competing stockyards. The following letter from the files of Swift & Co. shows the attitude of the big packers toward competing stockyards.

SWIFT & COMPANY,
STOCKYARDS STATION,
FT. WORTH, TEXAS.

APRIL 30, 1912.

Mr. L. F. SWIFT,
Swift & Company, Chicago, Ill.

DEAR SIR: Referring to report on Hodge yards of April 29th.

We find at Hodge this morning at 8.30, 50 cars of cattle, principally stockers for northern pastures; 6 decks of sheep billed for Oklahoma City from Big Canyon Range Company, Sanderson, Texas; and they are expecting from 20 to 30 decks through here

from same company next Sunday. There are also several trains of cattle expected through those yards this afternoon.

We have succeeded fairly well on the sheep through Hodge. In the past ten days we have bought 61 single-deck cars there and shipped here, and have bought them all worth the money, and are showing good results on them.

Attached copy of letter is self-explanatory. We have a machine here that we are using for solicitors that we will take for this purpose, arranging with solicitors to handle his business otherwise for the time being.

We have had a young man making a trip over Hodge yards two or three times a day, and we will have him do this, and also whenever there is anything there of interest, get a sheep buyer if sheep, a cattle buyer if cattle, a calf buyer if calves, and he can get them up there to see the stuff and back in half an hour.

It seems to be quite the scheme to bill stuff for Oklahoma City or Kansas City and scoot it around through these yards. For instance, I referred to 16 cars billed for Oklahoma City yesterday from south Texas, directly in our territory, and here are Morris and S. & S. both buying cattle here on this market, and still working to get these cattle from our territory for Oklahoma City market, sending them within a mile and a half of our yards.

We have got to keep our eye peeled on these little outside markets and stockyards or we will get hurt with them in time. I referred you to a new stockyard being built on the Rock Island R. R. the other day. It is claimed in every way possible that the Rock Island has nothing to do with it; that a man named Zimmerman is building for dipping vat. We remember all the claims that were made when the Katy yards at Hodge were built—probably not just of this description, but of a similar nature—and now we see the result. They run thousands of cars through there that we could do business on here on this market if they were out of the road. I suggested to you the other day that perhaps it was an opportune time to take a step to get them out of the road. We are naturally located for practically all the live stock of the Southwest. If we could concentrate it here and did not have so many of these little side issues, Oklahoma City and other little yards, it would make a wonderful market, one, I believe, that would dumfound you, yourself.

Yours truly,

J. B. GOOGINS.
[Swift's Fort Worth manager.]

In Chapter 6 of Part II of its report on private car lines the Commission explained fully how Armour and Swift brought pressure to bear on the Missouri, Kansas & Texas Railway Co. to force that company to close the Hodge stockyards referred to in the above letter. These packers wanted the Hodge yards closed because they were competing with the Fort Worth stockyards; they succeeded in getting them closed and thus eliminated the competition.

In 1914 there were three stockyards at El Paso, Tex.—one owned by Morris & Co., one on the El Paso & Southwestern Belt Line operated by an independent company, and a third on the Galveston, Harrisburg & San Antonio and Texas & Pacific Railroads. At that time Morris & Co. secured a tract of land adjoining all the railroads which enter El Paso and organized the El Paso Union Stock Yards Co., with a capitalization of $100,000, and made contracts with the various railroads entering the city which gave the Morris yards preference in receipts of live stock at that center. The following is

a clause of the contract between the El Paso Union Stock Yards Co. and the Texas & Pacific Railway Co. which is similar to a clause in the contracts with the other railway companies:

The railway agrees and obligates itself to deliver all live stock transported by it to El Paso for delivery thereat or with the intent of further transportation of the same, except shipments not requiring feed or rest, to said "Yards" at its said stockyards, for care, handling, and attention while waiting further transportation or delivery, unless otherwise instructed by the owner or person in control of same.

This contract is apparently designed to take away most of the business from the other stockyards at El Paso and to give Morris the greater part of the stockyards business.

As soon as the yards at El Paso were completed the Morrises proceeded to induce commission firms at the large markets to open offices at El Paso. This is shown by the following letter:

MORRIS & COMPANY,
UNION STOCKYARDS, CHICAGO.

MARCH 10, 1915.

Mr. NORRIS BROADDUS,
Kansas City, Kans.

DEAR SIR: I find we have a very nice little yard at El Paso and we are putting up an Exchange Bldg., which will be finished shortly. Clay Robinson are going into it immediately and think Cassidy will open up an office in the near future. Besides these we have several local people opening up offices. Believe this will be a growing market and would like very much to have any good strong commission firm coming into El Paso. If you hear of any please let me know.

Would appreciate your working on this.

Yours very truly,

EDWARD MORRIS, Jr.

The following letters indicate that Armour and Swift were ready to take an interest in the El Paso yards as soon as it was apparent that those yards would interfere with the Fort Worth Stock Yards:

MARCH 11, 1915.

Mr. ARTHUR MEEKER,
Packing House.

Referring to the attached: In and of itself I see no particular value in our having any interest in El Paso. From an earning standpoint I think there is not much value there, and if at some future time the situation becomes harmful to any of our interests we can better take the matter up then, in the light of circumstances existing at that time, than to decide upon any policy at the moment.

R. J. DUNHAM.

MARCH 16, 1915.

Mr. L. F. SWIFT,
U. S. Yards.

DEAR MR. SWIFT: With reference to the enclosed, how do you feel about our going to El Paso?

Yours very truly,

(Signed) ARTHUR MEEKER.

CHICAGO, *March 16, 1915.*

Mr. ARTHUR MEEKER,
Armour & Company,
Union Stockyards, Chicago.

DEAR MR. MEEKER: Answering your note of even date, and returning attached correspondence, I feel a good deal as Mr. Dunham does.

Don't think the El Paso connection is important for the Ft. Worth stockyards, but if it proves to be important at some future time, think we can take action then just as well as we could now.

In other words, think it better to wait awhile and see what develops than it is to agree to any plan of action now.

Yours very truly,

LOUIS F. SWIFT.

MSB

After getting control of the Crescent City Stock Yards Co., at New Orleans, the Morrises then acquired the other competing stockyards at that city as is shown by the following letter:

NEW ORLEANS, LA., *April 21, 1917.*

Mr. G. C. SHEPARD,
The Cudahy Packing Co.,
Chicago, Ill.

DEAR SIR: We are mailing you to-day's Times-Picayune, on page seven of which you will note that Morris & Co. have also purchased the Union Stockyards; this is in addition to the Crescent City stockyards of which the articles in the papers covered. This gives Morris & Co. all of the stockyard facilities in the city.

The Crescent City stockyards were at the old Crescent City plant, just across the parish line; The Union Stock Yards were a new enterprise that was recently permitted by the city at or near the butchers' abattoir, which is within the city limits. This eliminates any possible competition in the stockyard matter, as Morris seems to have taken them all in.

Yours truly,

THE CUDAHY PACKING CO. OF LA. (LTD.).
W. H. ARNOLD.

WHA/E

Armour secured control of the Birmingham stockyards in 1915, and used them to his own advantage, as is shown by the following letters from the files of Swift & Co.:

CHICAGO, *Oct. 16, 1915.*

Mr. C. P. WHITE,
Mgr. Swift & Company, Birmingham, Ala.

DEAR SIR: Have your letter Oct. 13th, with reference to the live-cattle market in Birmingham; also in regard to Armour & Company having an option running for five years on the Birmingham stockyards.

Please continue to keep me posted what you hear in regard to this proposition. Would like to know whatever develops.

Also would like to know at your convenience about what their facilities are at the Birmingham stockyards—general condition of their buildings, pens, etc., whether new or old or up to date.

Awaiting your reply,

Yours truly,

CHARLES H. SWIFT.

HCC–AG

Copy L. F. S. G. F. S., jr.
E. F. S. H. H. S.
C. H. S. W. L.

BIRMINGHAM, *Nov. 4, 1915.*

Mr. CHARLES H. SWIFT,
Chicago, Ill.

DEAR SIR: Replying to your letter of Oct. 16th in regard to Birmingham stockyards. Wish to advise that the buildings and pens at these yards are new, having been built within the last year, and they have facilities for taking care of thirty to forty cars.

They are at present getting the majority of cattle coming into Birmingham and a large per cent of the cattle is being bought by Armour's local manager and shipped to East St. Louis, although we are unable to get any information as to what prices these cattle are costing.

Yours respectfully,

SWIFT & COMPANY.
Per C. P. W.

CPW/FS
Copy L. F. S. G. F. S., jr.
E. F. S. H. H. S.
C. H. S. W. L.

So long as the big packers retain their present control over stockyards, and enjoy the present advantages from the ownership and operation of private car lines and branch houses, there is little promise that additional live-stock marketing centers will develop unless the big packers themselves own and develop them. In order to make a stockyards successful as a market, it must attract live stock; to attract live stock there must be buyers at the yards who will buy the live stock which is offered for sale. The big packers, as a rule, buy little at yards in which one or more of them are not financially interested, and in the case of new independent yards they would use their power in other ways to prevent the development of the yards.

CHAPTER II.—LIVE-STOCK MARKETS.

Section 1.—Introduction.

The live-stock market in the United States is dominated by the five big packing companies because—

1. They control the principal stockyards at which live-stock prices for the Nation are made.

2. They buy most of the live stock which are sold as the principal stockyards markets; and

3. They have, through their control over the stockyards and the exercise in concert of their great buying power, influence over the activities of many of the live-stock commission men who are supposed to represent the interest of the live-stock producers, whose agents they are.

In the exercise of their power over the live-stock market—

1. They discriminate against, and put at great disadvantage, independent buyers—independent packers, order buyers, and traders—who are their competitors in the market.

2. They manipulate on occasions the live-stock market in such a way as to cause extreme and unwarranted fluctuations in the daily prices paid for live stock.

The principal results of their dominion over the live-stock market are:

1. They have eliminated many of their previous competitors at the stockyards and have prevented new ones from coming into those yards.

2. They have restricted the meat supply of the Nation by manipulating daily live-stock prices and thus discouraging the producers of live stock.

When the packers buy animals in the country, the price is based on the prevailing price at the stockyards markets. As to whether the producer is benefited by country buying depends mainly on whether there is competition. In the corn belt the big packers compete with the independents in country buying, whereas on the Pacific coast there is a division of territory between the packers. The advantage of the big packers through their concentration stations in the corn belt lies to a degree in the way in which railroad tariffs are made.

Section 2.—Stockyards control as a factor.

In addition to having control over packing-house sites and other yard monopolies, the principal stockyards contain and control all the facilities and functions that are necessary adjuncts and collateral activities of a live-stock market. Among these are the terminal and switching facilities; the exchange building in which commission men and others rent their offices and which is the headquarters of all market management; the yards and pens and all yarding assignments and services; all weighing facilities and services; the feeding and watering of live stock -in fact, all the facilities and services through which live stock must be handled and sold. Also those who operate the yards have access to the yards' records which contain confidential shipping and marketing information.

The power of stockyards companies over the market paraphernalia can be used in many ways to affect the prices of the live stock which pass through them. The control by the Big Five over the principal stockyards, where live-stock prices for the whole country are made, gives them, as the principal buyers, power to affect the prices they pay for the animals. They may do this through the use of the yards monopolies, or the yards facilities and services, or by using the confidential shipping and marketing information. Numerous instances were found where they have used to their advantage the power over the market which the stockyards, ownership and control places in their hands.

In Chapter I it was pointed out how the big packers use their control over packing-house sites to prevent the development of independent packing plants. By doing this they hinder the development of competition, thus maintaining their control over the market. It was also pointed out in Chapter I that the big packers, through the control of the yards, dominate the banking and cattle-loan business at the yards, and that through the banks and cattle-loan companies they gain wide knowledge of future live-stock receipts at the yards. This bank and loan company information is available only to them.

The switching and yarding facilities can be used effectively in determining the daily net prices the big packers pay for the animals they buy. By delaying the switching and unloading of live stock the packers may make a late or an early market or they may cause shippers to lose heavily on shrinkage of the animals. Delays in switching and unloading are the cause of numerous complaints at the large stockyards. There are frequent cases where live stock are turned over to the yards' terminal railroad by the originating line at 8 o'clock in the morning and not unloaded at the yards until noon or 1 o'clock. In such cases the animals can not be placed in the pens and offered for sale the same day. The feed charges are high and the live stock becomes stale and commonly bring lower prices than if sold the day of arrival.

Delays in loading the animals bought by independent packers and order buyers and the switching of the loaded cars to the connecting lines cause frequent complaint at some of the big packer-controlled yards. The independent packers at St. Louis have stated that the big packers' cars are invariably loaded and shipped out ahead of theirs.

Probably the most frequent complaint common to all packer markets is that the yards neither provide sufficient scales nor handle the weighing of live stock with such facility as to prevent long, unnecessary delays in weighing live stock after it has been sold. The shrinkage or loss of weight caused by such delays represents a loss to shippers and a corresponding gain to buyer, who is generally the big packer.

Typical of numerous complaints on this feature of packer-controlled markets is the following statement of William Atkinson, a prominent live-stock producer of Burdick, Kans.:

> I look at it this way. They [the packers] own all the yards. From the time that my cattle arrive at the yards they are in the hands of the man that is eventually going to buy them for slaughter. We often have to wait anywhere from two hours to half a day after they are sold before we can get them weighed. They own the scales. As soon as they get the cattle in their hands they have got you. They weigh them when they feel like it, and this gives them a chance to take advantage of the producer, inasmuch as it is to their advantage to get as much shrink off the producer as they can before the cattle are weighed to them. In my opinion a steer after he has been

fed and watered will shrink 15 pounds the first hour he stands; 10 pounds the next hour, 5 pounds the next hour, and some more for each hour thereafter, especially if they are moved about. We buy thousands of cattle, and I have figured this out at home, and this is just about the percentage they shrink. I would judge they would shrink fully as much in the stockyards after being shipped on account of being in a strange place.

In a free and open market neither the sellers nor agents of the sellers should be dependent on the buyers for market facilities and services. Not only do the producers and commission men have to depend on the big packers for switching, yardage, and weighing, but the commission men must rent their offices from the packer-owned stockyards and depend on them for assignment of pens in which to place the live stock they handle.

The exchange buildings in which the commission men and live-stock traders have their offices are owned by the yards companies. Where the packers control the yards they have the power to refuse to rent space to commission firms and traders who have incurred their displeasure. They are watchful over even minor activities of the men who occupy these offices as is shown by the following letter passing between the two presidents of the packing companies controlling the yards at Oklahoma City:

November 18, 1916.

Mr. T. E. Wilson,
President Wilson & Co., Chicago, Ill.

My Dear Mr. Wilson: Mr. Nelson Morris is out of town. I think it will be all right to let Witherspoon-McMullen Commission Co. [Oklahoma City] put a desk in their office for Mr. Prentiss Price and put his name on the door, as long as all his business is actually done with Witherspoon & McMullen. What is your idea?

Yours truly,

E. Morris, Jr.

The big packers at their yards may refuse to assign pens to certain commission or trading firms or they may take away the pens which have already been assigned. The following letter illustrates this power:

July 10, 1912.

Mr. Louis F. Swift,
Fourth Floor.

In regard to the M. & K. matter:

I think that Aikin has sold out to his brother, but we have an agreement that if M. & K. [Missouri & Kansas Calf Co.] sell out to any relatives or any friends, they can not have the pens that they have been using in the past, so that we still have them blocked. Their business has been killed and we are looking up the question of the St. Louis end of it; also Fort Worth.

E. L. Ward.
[Office manager of Swift & Co.]

The Missouri & Kansas Calf Co., of Kansas City, to which this letter refers had incurred the displeasure of the big packers at Kansas City. *It should* be noted that Ward states in this letter: "We are looking

up the question of the St. Louis end of it; also Fort Worth." Morris controls the yards at St. Louis, Armour and Swift at Fort Worth.

The control of the stockyards also gives the big packers a great deal of market information which is not made available to anyone else. The stockyards companies must necessarily possess complete information pertaining to all shipments of live stock in and out of the yards. They also record and compile records showing all purchases made in the market. It is well understood that the stockyards records which show shipments made from the yards to other packing centers or to other markets are private and confidential records and are not available to the public. But the packers in possession of the stockyards have access to this confidential shipping information which has been used for the purpose of "wiring on" and other market manipulations.

At Kansas City, as was set out on page 46 of Part II of this report, the five big packers jointly employ agents to gather market information. The work of one of these joint agents is to secure from the stockyards company's records early each morning a list of the shipments which were made from the yards the day before to other markets. Prior to the acquisition of the Kansas City stockyards by Morris (1912) the agent, jointly employed by the packers, who secured this confidential information from the records of the stockyards paid the night clerk of the yards company $10 each month for the privilege of having access to the records. Since the acquisition of the yards by Morris it has not been necessary for the packers' agent to compensate any of the employees of the yards company for the privilege of examining its confidential records, though the work is still performed by a joint agent.

Section 3.—Buying power as a factor.

The Big Five packing companies use their combined buying power to directly influence daily live-stock prices. As they buy most of the animals which are slaughtered at the 12 large markets where live-stock prices for the country are made, their ability to determine from day to day the general level of live-stock prices is incontrovertible. That they do determine it is generally recognized by live-stock producers and commission men and is confirmed by the correspondence from their files.

As explained in Part II of this report the big packers through their centralized buying system determine the general level of prices each day at Chicago before the market has opened and send out the orders to their buyers at the different markets as to the prices to be paid.[1] The local buyers for the different big packers go into the market at the

[1] See Part II of the Commission's report on meat packing industry, pp. 42-45 and pp. 93-99.

same time and assume the same buying attitude. As was also shown in Part II of the report, these big packers as a further means of determining the daily live-stock prices together practice "part purchases," "split shipments" purchases, and "wiring on."[1]

If for any reason there is misunderstanding or disagreement among the big packers competition enters and the prices of live stock go up. For example, in 1912 at the time of the dissolution of the National Packing Co. and the readjustment of the live-stock pool the packers for a time did not work in full harmony. This is shown by the following letter from E. A. Cudahy to his manager M. R. Murphy at Omaha:

MARCH 16, 1912.

Mr. M. R. MURPHY,
South Omaha, Nebr.

DEAR SIR: I am in receipt of your several letters and note all you say about hog buying.

There doesn't seem to be any use to figure on what the packers ought to do. They are certainly operating along different lines from what they used to. This year their plan of campaign seems to be that hogs under seven cents a pound are worth the money; and maybe they are, but of course, we all might have bought our hogs cheaper if the larger houses had figured that way; and, while I would advise you to buy hogs so as to figure out—which of course is the only correct way to operate—at the same time we can't afford to stand around and look on, and I shouldn't like to lose our position on any market. I notice our buy in Kansas City was very light this week; in fact, it has been pretty light for several weeks past, and I don't see that we are doing ourselves any good by holding out of the market. We will lose less money by operating the house than we will by letting somebody else have our share of the hogs.

There is quite a little better feeling in the provision market generally the last week. Green hams are quoted about 11¾ Chicago, and if hogs are going to sell at 11¢ a lb. hams ought to be worth 12¢; and I believe hams will go out next year at a pretty high price. While I feel that we have had a fair advance, and may not get much higher prices for some time yet, we are not going to have break enough to hurt anybody, and I guess it is just as well to figure that the stuff is worth the money and hope for higher prices in the future, and operate along these lines. So, if you get good receipts of hogs next week I would buy pretty freely and take all that is coming to us.

Yours truly,

E. A. CUDAHY.

A few of the local buyers of the big packers have been known to disregard instructions from Chicago and to precipitate temporary local competition between some of them. The disagreement then has to be straightened out by the head men at Chicago. This has happened two or three times between the Morris and Wilson buyers at Oklahoma City. An instance of this was shown in a letter from C. H. Hill, head cattle buyer who has charge of Wilson's cattle buying at Kansas City and Oklahoma City, to T. E. Wilson, quoted on page 73 of Part II of this report. In this letter Hill says:

It looks very much to me as though they [the Morris buyers] always want the best of things, and are not particular about carrying out instructions they get from headquarters, as in the case when they had orders to buy cattle 25 lower, and they refused to do so and took, as you remember, practically all the cattle on the market that day.

[1] See Part II of the Commission's report on meat packing industry, pp. 78–92.

The following letters from the files of Wilson & Co. Inc., in reference to the 50–50 purchase agreement between Morris and Wilson show that when the local buyers violate the agreement or get the market "out of line" the difficulties are straightened out by Wilson and L. H. Heymann, vice president of Morris & Co., at Chicago.

[Private-wire telegram.]

CHICAGO, ILL, *4/8/16.*

HILL [Head cattle buyer of Wilson & Co., at Kansas City and Oklahoma City].
Kansas City.

I am figuring on being in K. C. next Tuesday unless I find it necessary to go to New York on Monday, when I will be glad to talk to you on the Okla. situation. It seems to me in the absence of any instructions to the contrary on Wednesday and Thursday that we should have had our share of the cattle. The fact that Mr. Colladay [manager of beef department of Wilson & Co., Inc.] wired as he did early in the week I do not think should have been taken as sufficient grounds for his failing to follow previous instructions to get our share of the cattle.

T. E. WILSON.

GA 9:45 AM

OKLAHOMA CITY, OKLA.,
April Thirteenth, Nineteen Sixteen.

Mr. T. E. WILSON, President,
Chicago.

DEAR SIR: I have requested Mr. Luening, our beef man here, and Mr. E. C. Hill, the cattle buyer, to get up a letter to you, stating as to why they did not follow instructions and get more cattle on this market last week.

I convinced them that they had made a mistake after receiving Mr. Colladay's wire, that they did not wire to you or me as to whether they should take about 50 per cent of the cattle on this market and have instructed them in the future to take about 50 per cent of the receipts unless they receive different orders from you or I. Please let me know if this arrangement meets with your approval.

Now in regard to the matter you spoke to me about yesterday—as to there being friction between our cattle buyer and others—I took up this particular case that you mentioned with the party selling the cattle, Mr. Vincent, who sells for Cassidy Southwestern. He told me that there was absolutely no truth in our man hanging around the gate or interfering in any way whatever. He said he showed the cattle to our man first in the morning. He bid 8.15 on them. He afterward took Mr. Wyness and spent at least an hour with him. Sold him three of four loads of cattle and Mr. Wyness stopped with another party to look at cattle and as he, Mr. Vincent, understood him, he was through (our man not being in the same alley at the time), but in a moment or two he met our man who asked him what he had done with his five loads of cattle and he said to him, "It takes 8¼ to buy them." All right he said, go ahead and weigh them. In a moment Mr. Wyness came up and said that he was not through. Mr. Vincent told him he had sold the cattle to our man and he, Mr. Wyness, said to our man, "Don't never follow me down the alley again," and that was the end of it.

Mr. Vincent said that if there was anyone to blame in the matter it was he, but he understood from Mr. Wyness that he was through.

I could hardly believe that one of our men would hang on the gate or interfere in any way when another buyer was trying to buy cattle, as I have always instructed our buyers positively not to do this as we were only putting the cattle up on each other, and I am sorry that all the other packers do not practice this, but they do not.

There are some other matters in connection with this which I will talk over with you the first time you are in Kansas City or I am in Chicago.

Yours very truly,

CH/GLP C. H. Hill.

Oklahoma City, Okla.,
April 13, 1916

Mr. T. E. Wilson, President,
Chicago, Ill.

Dear Sir: In reference to us not getting our shares of cattle on this market last week.

This was caused by the wire we received from Mr. Colladay on Wednesday, 5th, in which he stated that they were well fixed for eastern beef, and to figure carefully for our local requirements on our purchases, and not to buy any cattle in Fort Worth.

For some time past, and until we received this wire, we have not heard from Mr. Colladay in reference to cattle purchases, which matter was left entirely to Mr. C. H. Hill of Kansas City, and we have been taking about 50 per cent of the cattle here as per his orders. In fact, since Ernest Hill came to this market on Feb. 15th, 1915, and the regulations of our cattle purchases were left entirely to Mr. C. H. Hill of Kansas City, everything had been running very smoothly, and we were getting our cattle well in line with northern markets, until this matter came up last week.

We are attaching a list of cattle purchases on this market for this year up to date, by weeks, which statement shows that we are 1,219 cattle behind Morris, which is caused by Morris buying canners and common bulls, for which we have no use.

While we exercise our own judgment in buying cattle for our local business and for the southwestern branches under our jurisdiction, we are subject to the Chicago beef department for orders on our surplus production for eastern markets, and while Mr. Colladay's wire did not state positively not to buy any cattle for eastern shipments, yet he said that they were well fixed on beef for eastern shipments. His wire also intimated that we were not in line, and we therefore did not want to take same on as we would have to look to Chicago for shipping orders, and probably would have been put off by them for some days, as has happened on more than one occasion before, and did not want to take a chance on having this beef get stale on our hands. We admit that on the face of the instructions we have from Mr. C. H. Hill to take about 50 per cent of the cattle we should have wired you in regards to this matter.

You understand that our beef department here is under the jurisdiction of Mr. Colladay and we have naturally been following his instructions, and could therefore not see any reason for disobeying him in this instance.

After to-day's meeting with Mr. C. H. Hill, of Kansas City, we have decided that we will take 50 per cent of the cattle on this market, or as near as possible, unless we receive orders to the contrary from either you or Mr. C. H. Hill.

We hope that this meets with your approval, and would like to have your expression as we are very desirous of doing everything possible to further the beef business for the best interest of the company.

Yours very truly,

E. C. Hill.
JJL/WE J. J. Luening.

Oklahoma City, Okla., cattle purchases up to date, 1916.

	S. & S.	Morris.		S. & S.	Morris.
W. E. Jan. 8	756	819	W. E. Mar. 4	615	615
W. E. Jan. 15	1,015	1,225	W. E. Mar. 11	999	1,092
W. E. Jan. 22	1,176	1,273	W. E. Mar. 18	747	881
W. E. Jan. 29	1,186	1,251	W. E. Mar. 25	864	894
W. E. Feb. 5	953	872	W. E. Apr. 1	1,169	1,097
W. E. Feb. 12	819	961	W. E. Apr. 8	470	978
W. E. Feb. 19	857	832			
W. E. Feb. 26	609	664	Total	12,235	13,454

HILL, *Kansas City.* 4/15/16.

Mr. Wyness [Morris cattle buyer] is in Chicago to-day. I understand you did not have an opportunity to talk to him on the Okla. situation when you were out there. He is going to be in Kansas City Monday, and I hope you will have a chance to go into the matter thoroughly with him.

GA 10:55 a. m.

T. E. W. [T. E. Wilson.]

[Private-wire telegram.]

148 WILSON

Ansg will be very glad see Mr. Wyness here Monday and talk matter over with him.

[Notation on telegram]: T. E. W. C. H. HILL.

1235 p;v

[Notation on letter:] L. H. H. [L. H. Heymann, vice president of Morris & Co.] Please note & return. T. E. W.

KANSAS CITY, MO., *April 17, 1916.*

Mr. T. E. WILSON,

President S. & S. Co., Chicago, Ill.

DEAR SIR: I had quite a talk with Mr. Wyness here to-day and heard his side of the story in regard to the cattle we bought off of Cassiday, where he thought our man had not treated him exactly right, and he is perfectly willing to drop the matter altogether.

After listening to all three parties in regard to this matter, that is, our man, Mr. Vincent, who sold the cattle, and Mr. Wyness, I am still of the opinion that, as Mr. Vincent said to me, and as I wrote you last week while in Okla. City, that if there was anything done wrong or irregular in this matter, Mr. Vincent is the man who did it, and as he acknowledged to me last week.

I said to Mr. Wyness to-day that I heard our man hung around the gate while he was trading on the cattle, and he said this was not the case at all, but he did think our man knew he was not through. However, Mr. Vincent said that he understood that Mr. Wyness was through before he talked to our man the second time on the cattle.

I am writing our man there to-day that we want perfect harmony there and no friction whatever, as it is hurtful to the business, and I am quite sure he will carry out my instructions in this matter.

Yours truly,

C. H. HILL.

EXECUTIVE DEPARTMENT,
Chicago, April 19, 1916.

Messrs. E. C. HILL, J. J. LUENING,
Oklahoma City, Okla.

GENTLEMEN: I have your joint letter of April 13th and have carefully noted contents and I am hopeful that the matter of purchases on the Oklahoma market is now clearly understood, and unless you receive instructions to the contrary, either from Mr. C. H. Hill or myself, it is our purpose to have practically half of the cattle sold for slaughter at that point and we expect you to see that this is done on a competitive basis with other markets. If at any time it is impossible for you to do this, I shall be very glad to have you advise me personally.

I will be in Oklahoma City some time in the near future and will go into this matter more fully with you at that time.

Very truly yours,

T. E. W.: GA

CC—C. H. Hill.

EXECUTIVE DEPARTMENT,
Chicago, April 19, 1916.

Mr. C. H. HILL, *Kansas City.*

DEAR SIR: Referring to Messrs. E. C. Hill's and J. J. Buening's letter of April 13th and your letter of the same date, I am inclosing herewith copy of letter that I have written to these gentlemen in reply. I hope that this matter is now clearly understood so that we will have no difficulty in handling our purchases at that point on a satisfactory basis.

Very truly, yours,

T. E. W.: Ga

[Private-wire telegram.]

HILL, *Kansas City.* 7/27/16.

Referring to your letter regarding Oklahoma, I think it advisable instruct our man get his share of the different assortments, avoiding as far as possible second-hand stuff, but where necessary, take it on.

T. E. W.

Fa 10:15 a. m.

[Wilson & Co. Private-wire telegram.]

CHICAGO, *August 7th, 1916.*

HILL, *K. C.:*

Answering message--first of all I want, if possible, to get Oklahoma in line. The other people seem to think it is. Maybe we have been out of line because of not getting the right selection. We should get our share of the desirable cattle. Understand Heyman [vice president of Morris & Co.] is leaving for there to-night.

TEW

TEW:GS
3:50

Section 4.—Evidences of influence over commission men.

Through their control over the stockyards and through the practice of concerted buying, the big packers have an influence over many commission men, which amounts to domination. The commission men, the representatives of the producers of live stock, are, however, so dependent on the big packers as the principal—and in some cases the only—buyers of the animals they have to sell, as well as for facilities with which to carry on their business, that few of them maintain an attitude of independence toward the big packers.

The reports of representatives of the Federal Trade Commission who interviewed commission men at the markets controlled by the packers show that while these men complain of the big packers possessing special privileges and taking undue advantage of the market, yet, with few exceptions, they requested that their criticism be considered confidential and that they be not quoted.

There are still a few commission men at the big-packer markets who show independence of the packers and who publicly declare what they think of the conditions at those markets. They are notable because they are the exception.

When any one of the big packers obtains control of a stockyard, he induces commission men who are doing business at some of the other packer-controlled yards to open up offices at the newly-acquired yards. An instance of this is given in a letter by Edward Morris, given on page 83 of Chapter I. Such action makes the older commission firms at the newly acquired yards solicitous for the packer's business.

The following letter from Coffey, Morris's packing plant manager at New Orleans, to Heymann, at Chicago, shows how readily the commission men there adopted a suggestion made by Morris.

CRESCENT CITY STOCK YARDS & SLAUGHTER HOUSE CO. (LTD.),
May 15th, 1917.

MR. L. H. HEYMANN,
c/o Morris & Company,
U. S. Yards, Chicago.

DEAR SIR: Have suggested to the commission merchants that they try and get a larger per cent of the receipts on the market the first three days of the week, instead of having the large end of the run on Friday, which has been the custom heretofore. This to apply more to canners, cutters, and other stuff that the butchers are not much interested in.

They all seem very favorable to the suggestion and said they thought it would be a good thing for everybody concerned; also relieve the congestion and permit them to make returns more promptly on their sales.

The above arrangement would enable us to buy and kill most of our purchases on days when the local butchers were doing very little business and would give us Thursday's killing practically to ourselves.

This arrangement will also keep us from holding such large percentage of our purchases alive as long as we have been doing.

Hoping this meets with your approval, I am,

Yours very truly,

[Signed] WM. D. COFFEY.

This letter says that the "arrangement would enable us [Morris] to buy and kill most of our purchases on days when the local butchers were doing very little business and would give us Thursday's killing practically to ourselves." Evidently the commission men were not satisfied with the prices offered by Morris on Thursdays when they had the market practically to themselves, so they held some of the animals over for the market the following day. This displeased Heymann, so he sent the following telegram to one of the Morris representatives at New Orleans:

[Telegram. Morris & Company, 7/9.]

A. FITZPATRICK,
St. Bernard Rendering & Fert. Co.,
New Orleans, La.

Think advisable that you take up with commission men and exchange with reference to cattle held over last Thursday and have them understand that we intend to have Thursday market and that Morris & Company are in the market for anything on the market Thursday, and if necessary the Yard Company will go out with statement to the trade that there will be buyers for any cattle on market Thursday; no necessity

carry any them over. Do not let the commission men kill your Thursday market right from the start.

9:50 **L. H. H.**

[L. H. Heymann, vice president of Morris & Co.]

It is evident from this telegram that Morris & Co. intended to make the commission men give them the Thursday's market at the prices offered.

The following letters passing between T. E. Wilson and J. K. Callicotte, the owner of an independent serum plant at Oklahoma City, shows the extent of the influence of the big packer buyers over the commission men at markets such as Oklahoma City:

OKLAHOMA STOCK YARDS SERUM CO.,
Oklahoma City, Okla., Sept. 27, 1916.

Mr. T. E. WILSON,
Chicago, Ill.

DEAR SIR: I am taking the liberty to-day of writing you and informing you as to the existing conditions at these yards at Oklahoma City at the present time. We have been manufacturing anti-hog-cholera serum here for the past three years and in the meantime have erected quite a nice new plant close to these yards and until recently have been supplying some of the serum used in these yards, and lately we have been denied this privilege on account of one of the hog buyers of the local concerns [Eldridge, hog buyer for Morris & Co.] going into the serum business along with his other work, and compelling commission merchants to use his product exclusively. We are not of the disposition to "squawk" at keen competition, but we do feel that measures are taken in these yards that are absolutely unfair to outsiders, and especially us, who in the past three years have caused in legislation and State regulation this to be quite a stocker market with reference to hogs, that before was of no value whatever in this respect. We are told repeatedly by commission merchants also stockmen who have been good customers of ours, that their preference was to use our product in these yards, but was afraid to on account of the disposition of the hog buyers, who in the long run would torture them in buying their hogs on this market if they refused to use his serum. We have in the past had different commission companies who desire to use our serum on stocker hogs of theirs, and would have this bunch of hogs weighed to us in order to make it look as though we had purchased them from this commission company so they might be able to use our product without this hog buyer realizing they were his. All such transactions as I just mentioned must be resorted to by any concern if they are to share in the serum business in these yards, as it is they must use the serum put out by Morris and Company's hog buyer, Mr. Eldridge, or be punished by him for the next days at his hands. We have repeatedly taken this matter up with the management of these yards with no avail and have talked with various commission men operating here, and all of the commission men are decidedly afraid to stir up anything as they may lose in the long run. We believe that we are doing the proper thing by submitting this exact condition directly to you for your consideration, feeling at the same time you will at least investigate this satisfactorily, and if this is done, I am sure you will find conditions such as I described, and in some cases worse. We do not feel like resorting to legislation to regulate this matter, but unless this pressure on this yards is removed we will have to do something along these lines to protect ourselves in this matter, as we do not propose to be forced from any place where equal rights should exist and harmony prevail.

Hoping I have not annoyed you by the length of this letter and that you may give this your personal attention, also that I may receive a reply in the near future. I beg to remain,

Yours respectfully,

OKLAHOMA STOCK YARDS SERUM CO.,
By J. K. CALLICOTTE,
Vice President.

T. E. Wilson took the problem up with Nelson Morris and asked for advice before answering Callicotte's letter, as is shown by the following letter:

SEPTEMBER 29TH, 1916.

Mr. NELSON MORRIS,
Of Morris & Company,
Union Stock Yards, Chicago, Ill.

DEAR NELSON: Please note attached letter from the Oklahoma Stock Yards Serum Co. Did you run into anything in connection with this while you were out there this week, and what position do you recommend that I take in connection with this matter?

I do not know whether the conditions are as bad as they were when Mr. Eldridge was handling this business direct. There is no doubt, however, but what these people would feel the competition pretty keenly and Mr. Eldridge, when he was handling it direct, was criticised pretty severely, and of course this other company made it their business to see that the matter was kept thoroughly agitated.

Yours very truly,

TEW-GS

President.

Wilson gave Callicotte an unfavorable reply. Callicotte then sent him the following letter:

OKLAHOMA STOCK YARDS SERUM CO.,
Oklahoma City, Okla., November 8, 1916.

Mr. THOMAS E. WILSON,
Chicago, Ill.

DEAR MR. WILSON: Your letter of October 21 at hand, and after considerable delay have decided that it is deserving of a reply owing to the fact considering statements we set forth in our former letter and which you seem to place no inference in whatever in your letter of October 21, and as this would seem that we had made no misstatements to you relative to our position in that we were not allowed to dispose of our product owing to forced competition on the part of our competitor who is hog buyer for Morris and Company. It plainly shows to us that this investigation did not extend very far in any direction, for had it done so you would have ample evidence at hand by this time to have substantiated our claim. We are not in a position to criticise that part you mention of you not being in a position to effect any changes in this condition but from the other we are sitting here with plenty of evidence of good reputable shippers, stockmen, and farmers to verify our statement that a monopoly does exist in these yards and is plainly shown every day. We think if this investigation should have extended so that we might have had an opportunity to present it in a form which would seem practical.

I know that we have done more in two and one-half years here to promote the idea of farmers and stockmen to get their supply of stocker hogs at this market all in the end to be diverted by force into the pockets of our competitor simply because they alone can do that, as no other serum company operating here could in any way accom-

plish this only in this manner. We feel that we should be protected as well as others, and are going to protect ourselves in any manner that is both legal and right.

Yours respectfully,

OKLAHOMA STOCK YARDS SERUM CO.,
By J. K. CALLICOTTE, *V. President.*

The following letter shows that when a commission man opposes the interest of the big packers or has "stirred up a lot of agitation" he is called in by one of the big packers and given to understand "that he can not be everybody's friend":

CHICAGO, *May 17, 1916.*

Messrs. LOUIS F. SWIFT, EDWARD F. SWIFT, CHARLES H. SWIFT:

Mr. Armour called me on the phone this morning. Said he had quite a talk with Jonnie Bowles,[1] the gist of which was as follows:

Told Mr. Bowles that as far as Kansas City was concerned it was out of the question to consider discontinuing buying direct. He presumed the same applied to the Omaha Packing Company and St. Louis Dressed Beef Plant.

Then Mr. Armour said we might just as well meet this situation and stop trying to avoid any issue, and let them understand it was out of the question at these plants.

Bowles talked a good deal about our New England Packing Companies' country buying, said this was increasing. Mr. Armour gave the impression that Bowles considered this worse than the plant buying.

In reply to Mr. Bowles' remark about our buying direct at the plants Mr. Armour said he had nothing to do with that. Said he told Bowles that no doubt Morris would be glad to have him buy at Kansas City and us buy at St. Louis. They would have to close the packing house at the yards if they did.

Mr. Armour said he told Mr. Bowles that he could not be everybody's friend; he had stirred up a lot of agitation and trouble, and he better try to be a friend of the packers. If he kept stirring up things the people would get prejudiced against eating meat, with the result cattle and hogs would sell lower, and Bowles would have more trouble than ever with his customers.

Mr. Armour further said that Bowles said a good many of the commission men were not in favor of the Borland resolution.

Bowles called him up this morning and said he was going to be neutral and not be aggressive—and at first inferred that this was on the whole thing. I asked Mr. Armour if this didn't only apply to the Borland resolution and not the direct buying. Said he was not sure as to that. He took it on the whole thing; perhaps it only means the Borland resolution. I am under the impression that Bowles only meant on the Borland resolution. Perhaps it will develop after the convention—how their publicity tends on the direct buying proposition.

Mr. Armour said he told Bowles that he would be willing to agree, if others did, to stop buying country cattle. He said in Virginia and the South, and he might have meant to include anywhere east of Chicago. Mr. Armour said that would be a pretty good idea as they usually got stuck on what they did buy.

Mr. Leavitt just called up and said that Mr. Emil Ingwersen was in to see him this morning. Said there was a meeting of the exchange yesterday at Chicago, and it was decided to be neutral on the Borland proposition, and at Cincinnati they were going to take a decided stand against Swift & Company on the direct buying. Just what this means he did not say—whether it was a boycott or what.

[G. F. Swift, jr.]

GFS, Jr. HS.

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[1] President Bowles Livestock Commission Co., Chicago and Kansas City.

The Borland resolution referred to in the letter quoted above was a congressional resolution introduced by Congressman Borland calling for an investigation of the meat-packing industry. The activity of the commission men in reference to this resolution furnishes evidence of the wide influence of the big packers over the commission men.

The National Live Stock Exchange, a national organization of the commission men, at its annual convention in May, 1916, passed a resolution favoring such an investigation as proposed by the Borland resolution. Immediately following the May convention the commission men at the packer markets were approached by the big packers and asked to send to their Congressmen letters and telegrams protesting against the proposed investigation. As a result of the pressure, some of the live-stock exchanges at the packer markets passed resolutions opposing the investigation, and at all their markets a great number of individual commission men sent letters and telegrams to Members of Congress protesting against it.

Several letters and telegrams showing how the commission men responded to the call of the big packers to help defeat the Borland resolution are given in Exhibit 4, page 296–308.

Section 5.—Discrimination against independent buyers.

At each of the live-stock markets there are a number of traders who buy stockers and feeders, which are animals not ready for slaughter and which are sent back to the farms to be put in condition for slaughtering. These buyers of stockers and feeders do not compete with the big packers, who buy only live stock ready for slaughter. The big packers, therefore, do not object to the business of the stocker and feeder buyers, but encourage the expansion of their business—their business increases the earnings of the stockyards, gives the packers a greater opportunity to lend money on live stock, and tends to increase the quality and quantity of the fat live stock which will later come to market.

However, there is another class of traders and buyers at Chicago, Kansas City, and to some extent at St. Louis, Omaha, and other markets, who buy fat "stuff" to be sold to independent packers and occasionally to the big packers themselves. The big packers are not friendly toward this class of buyers—particularly to the traders—because at times they offer real competition in the market. At St. Paul, Sioux City, Denver, St. Joseph, Oklahoma City, and Fort Worth, through their control over the stockyards, influence over commission men, and combined buying power, they have eliminated most all order buyers and traders in fat "stuff." In a letter already quoted, in Part II of this report, in reference to Oklahoma City [1] it was shown that Morris and Wilson had an understanding that they

[1] See Part II, pp. 73–74.

would not buy from traders, or speculators, as they were called. This represents the general attitude of the big packers toward the traders in fat "stuff."

At Chicago, Kansas City, and St. Louis there are still a considerable number of order buyers and traders in fat "stuff," but their business has in recent years greatly diminished. The decrease has been due largely to the fact that the independent packing plants in the East which used to buy through these order buyers and traders have been acquired by one or the other of the big packers. The big packers now buy through their regular buyers for their eastern controlled plants.

The order buyers and traders who still remain at the packer-controlled yards, as indicated by the following letter from the files of Swift & Co., are under a handicap in carrying on their business as compared with the big packers:

CHICAGO, *August 14, 1917.*

Mr. EDWARD F. SWIFT,
Second Floor.

The cattle speculators at Denver have always, and are now, planning to buy and forward on alive a good many live cattle this fall for killing purposes.

Of course, they have quite a serious handicap against them as to what a packer might do, and for this reason I feel like our shipping alive from Denver to the Missouri River any live cattle that look half way reasonable. It gives us the benefit of having them killed when we want them on the Missouri River, and we do not have to pay as much for feed and commission as if speculators send them.

On the other hand, I mean that I think we should do a fair share of the forwarding of live business as compared with the speculators and Armour, at a fair margin, but not at an absolute positive loss.

With your approval, I will send a copy of this letter to Messrs. Charles H. Swift and W. Leavitt.

LOUIS F. SWIFT.

Dict. LFS.
BHS.
Copies—CHS WL.

At any of the markets, if the commission men sell to order buyers, traders, or independent packers as freely and at the same prices they do to the big packers, the big packers can refuse to buy from them. They (the packers) exercise this power at many of the markets, and thus put their competitors at a great disadvantage.

At the public hearings of the Federal Trade Commission in Kansas City, March 21–23, 1918, John Grim, a small packer, testified as follows concerning conditions at the Denver stockyards after Swift & Co. and Armour & Co. began operations there:

Answer. * * * Commission men would even turn us down, and they wouldn't talk to us at all, and wouldn't take us to a pen or a string of cattle. Before that we had been buying anything that came in. We would divide it up among our little fellows, as far as money was concerned, but you couldn't bid on them. They didn't allow it. They asked us such a price it was impossible.

Question. Would they turn around and sell it to the big packers for less than you offered them?

Answer. Oh, yes; that happened different times that I offered a certain price for cattle I didn't get, 20 or 30 cents a hundred more, but didn't get the cattle.

Question. Twenty or thirty cents more than the big packers had offered for them?

Answer. Yes, sir.

Question. What explanation did the commission men make to you for that?

Answer. Well, not any.

Question. What is your explanation of it?

Answer. My opinion is that the pressure was brought to bear upon them.

Question. That is to say, that if the commission men——

Answer. If they were allowed to sell, they would have sold to me. I think they preferred me on even money, some of them, for even money, being a home man, for the same price.

Question. But notwithstanding that preference they might have for selling to you, you think the reason they did not sell to you and sold to the big packers for less money was that they feared if they sold to you on one occasion the big packers would penalize them by not buying from them for a while, so that they would lose their business?

Answer. Well, there would be a lot of cattle come in and we would be unable to buy again, and they would lay down, and the commission men got scared.

Question. That is, the big packers would lay down on him?

Answer. Oh, yes. He makes him. He makes him lose a good shipment, absolutely.

Question. And after that happens once or twice, he will not be keen to sell to you people? Is that it?

Answer. Sure; that is it.

At the same hearing, A. A. Blakley, president of the Denver Live Stock Exchange, testified as follows as to how Swift & Co. acted after he had sold some hogs to an independent packer:

Mr. Blakley. In a certain instance, a small packer—and I don't mind mentioning names, the Sargent Meat Co.—Mr. Sargent of the Sargent Meat Co. he bought my string of hogs, all of them, that day, every hog I had, and it was a good string. And Mr. Sargent does not buy every day, by the way. The next morning I had a fairly good run of hogs and the buyers came down the alley, the packer buyers, and they did not look at me. I said, "Will you look at my hogs?" and he said, "Sell them to Sargent."

Question. Whose buyer was that?

Answer. Swift & Co.'s buyer.

Frank Archer, a Denver slaughterer, stated to a representative of the Commission as follows:

In the old days, before the big packers came into the yards, we had a better class of commission men. They were independent and fair. Then, everybody had a chance. But when Swift and Armour came in and got control of the yards, they brought in a lot of new commission men whom they seemed to control. These men have always given the larger buyers first chance at everything. We have to beg for a chance to look at a load of cattle and pay more than the big packers.

Max Pepper, still another informant at Denver, stated:

The big packer controls the market. They have got the little fellow coming and going. They take the choice stuff that is offered by the commission men. * * * The commission men favor the big packers. * * * When I bid $7.10 for cattle and the big packer bids $7.15 for cattle, they win. But when they bid $7.10 and I bid $7.15, the big packer gets the cattle at $7.10.

The same conditions are found at St. Paul. W. H. Gehrman, an independent packer, said that when he wanted to bid on stock held by some of the commission men, he was told that his bid could not be considered until Swift & Co.'s buyer had had a chance to purchase; that if anyone else was allowed to buy first, Swift & Co. would not buy any cattle from the commission firm.

A representative of J. E. Decker & Sons, another independent packer, corroborated this statement by saying that if part of a lot of cattle were sold to him by a commission house, the buyers for Swift & Co. would refuse to look at the rest and would tell the commission men that they had better sell all the cattle to the other purchaser.

Reuben A. Rath, an independent packer in an Iowa town, said that he had tried to buy at St. Paul, but had given up on account of the control which Swift & Co. exercised over the commission men, the latter being unwilling to sell to an independent until Swift & Co. had had a chance to bid on the stock.

Another informant, J. Dickey, illustrated the situation as follows:

Suppose a commission man has a lot of cattle for sale. A Swift buyer comes up and makes an offer of 7 cents a pound, or, rather, says he thinks they are worth that and he will let him know later if he wants to take them. Until he hears from the buyer again, the commission man will not entertain a bid from anyone else of 10 or 20 cents more. If he does, he is likely not to get any Swift business for a while. It is only when the other bid is 25 cents a hundred higher than the Swift tentative offer that the broker feels he can accept without incurring the Swift displeasure.

A specific instance was cited by this packer, who had gone into the pens of a certain commission house and had succeeded in buying three steers at 7 cents a pound. Immediately after the transaction, the buyer for Swift & Co. entered the pens, bid the same, and was given the cattle, the commission house excusing itself to the first purchaser merely with the statement: "Oh, well, you see Swift wanted them."

At the St. Paul hearings before the Commission, Richard F. McGoon testified as follows:

Question. Well, did they complain any to you, or did they explain to you at any time that one of the things that made them believe they had to give Swift the first chance, was that if they sold some cattle out of a lot to somebody else, that they were sometimes told they had better go sell the rest of them to the same man?

Answer. Yes, sir; I have heard that.

Question. How many times have you heard that?

Answer. Many times.

Question. And from different commission men?

Answer. Yes, sir; several different ones.

Again, at the same hearings, the same practice was sworn to by Charles Fearn, as follows:

Question. Do you find any difficulty in buying fat cattle in the St. Paul yards?

Answer. Yes, sir.

Question. What is the difficulty?

Answer. Well now, I can give you an instance: Our buyer went up to Prouty & Co.'s representative and made him a bid on some steers. He offered him 7¾ cents—I think it was 7¾ cents. Prouty's man said, "Well, wait a minute." He came back and said, "Swift & Co. want those for 7¾." Our man says, "Well, isn't my business as good as his?" He says, "Yes; Swift & Co. want them. If you want them, you will have to pay a quarter higher." Now, those steers were not worth a quarter higher on the market. In other words, in this case at least, they showed favoritism in not taking the first bid they received.

Question. Now, have you had any other experience of that kind?

Answer. Yes; we have had a number.

Question. All along the same way?

Answer. Yes, sir.

Question. And with different buyers?

Answer. Yes, sir.

Question. But all of them Swift buyers, or, rather, with different commission men?

Answer. Yes, sir.

Another independent packer stated to two representatives of the Commission that in several attempts to buy live stock on the St. Paul market he had experienced so much unfair and discriminatory treatment, such as is described above, that he was forced to stay out of that market although the class of animals offered there were most desirable for his plant.

Figures furnished by William Magivny, president of the St. Paul Union Stock Yards Co., showing the total purchases of live stock made on that market by packers and butchers for 1918 and classified by the Commission as to proportion of control by the Big Five show that only 7.5 per cent of the cattle, 3.8 per cent of the calves, 5.1 per cent of the hogs, and 0.3 per cent of the sheep were purchased by independents, all others being sold to Swift & Co. or other big packers and to companies affiliated with them.

Wilson & Co., Inc., and Morris & Co. use their influence to prevent city butchers from buying pigs on the Oklahoma City market, as is shown by the following letter of December 20, 1916, from E. G. Welhener, hog buyer for Wilson & Co., Inc., at Oklahoma City, to T. E. Wilson at Chicago:

OKLAHOMA CITY, OKLA., *December 20, 1916.*

Mr. T. E. WILSON, *Chicago, Ill.*

* * * * * * *[1]

Sometime ago Mr. Eldridge, Morris's hog buyer, came to the writer and said he did not want us to buy any pigs, inasmuch as his people wanted all pigs to go back to the country. But quite often we get a few good fat pigs on the butcher order. If we do not buy them, city butchers will, and so keeps that much business from our wholesale market. What pigs we buy we buy for actual branch-house orders only and wholesale market. Fully agree with Mr. Eldridge that all pigs we can send back to the country is a good thing, as believe they will do us and others more good when we get them back as hogs. At the same time, do not believe it advisable to let city butchers take these good pigs, when we can sell them through our wholesale market at a nice

[1] Remainder of this letter refers to six pigs which were bought by Morris & Co. and sold to the New State Serum Co. that got mixed with the pigs belonging to Wilson & Co. (Inc.).

profit. Mr. Eldridge told commission men the other day he would give as much as city butchers for all pigs, or, in other words, if city butchers gave 8.50 he would give 8.50. Looks like better way to have done would be for him to go out and bid on these good pigs instead of putting up pig market and making them 50/100 higher. Of course, we could not keep them out entirely, but we could keep them from getting majority good pigs that come in here.

* * * * * * *[1]

Thanking you for an early reply, I remain,

Very truly yours,

E. G. WELHENER, *Hog Buyer.*

Welhener does not show any unwillingness to cooperate with the Morris buyer in an effort to fix such prices as will exclude these city butchers but simply suggests a different plan.

The next letter, written by "E. M. Jr.," evidently Edward Morris, jr., to E. S. Eldridge, at Oklahoma City, instructs him to "put the market up a little" in order to eliminate an outside buyer from buying on this market. In collusion with Wilson's buyers the two packers would have no difficulty in adjusting prices to the desired level.

CHICAGO, 7/23/15.

MR. E. G. ELDRIDGE,

Oklahoma City, Okla.

DEAR SIR: Notice Armstrong[2] was in your market yesterday and bought 210 hogs. With receipts getting now, we can't afford to have Armstrong take any hogs out of our market. If he comes in for any hogs, let us put the market up a little and make him pay enough so he will stay out. Our receipts are so light. It is hard to operate a place even if no outsiders buy on the market.

Yours truly,

E. M., Jr.

In speaking of the conditions at Wichita, Kans., where the Cudahy Packing Co. and the Jacob Dold Packing Co. have an agreement as to division of purchases, A. C. Stuart, a member of one of the commission houses there, stated to an examiner of the Commission, in substance, as follows concerning purchases made by small buyers:

The commission houses there have the fear that if they sell their stock before Cudahy's buyers have looked them over they will be discriminated against thereafter by Cudahy's buyers, telling them to sell the rest of their cattle to the same man they sold the first lot.

The situation is the same at Fort Worth, Tex., where Swift and Armour control the market. Max Hahn, an independent packer of Dallas, who tries to buy at the yards at Fort Worth, said, in substance, as follows:

Armour and Swift own the yards, and the commission men are all afraid of them, as they rent their offices from the stockyards company and the big packers buy the greater part of their stuff.

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[1] Remainder of this letter refers to six pigs which were bought by Morris & Co. and sold to the New State Serum Co. that got mixed with the pigs belonging to Wilson & Co. (Inc.).

[2] The Armstrong Packing Co., of Dallas, Tex., which was secretly owned by Armour.

For these reasons they will not sell to me unless the packers refuse to buy, and then they will always charge me from 5 to 10 cents more per 100 pounds than they offered to sell to the big packers for. * * * If a commission man had a trainload of cattle, say 10 or 15 cars, and a small packer like myself wants to buy a car or two, they refuse to sell us at all at any price, unless we will take the whole trainload. This they know we will not do, as we could not use them. No matter how high a price we offer them, they will not sell to us; they absolutely refuse to split a shipment for us, but I have often heard of one packer buying a big shipment and then splitting them at the scales with another. They always make small buyers pay more for the stock, even allowing for the small quantity which they buy, than they do the big packers.

Conditions were found to be practically the same at New Orleans. Aloysius Frey, one of the butchers of that city, described the competitive conditions as follows:

We butchers oftentimes see where the big packers get the best of us, because we find that Swift and Morris always get their stock at less prices than we do.

He further said that in the preceding month his buyer had tried to get a load and a half of mixed steers from the commission men, but that the steers were sold to Swift & Co., the buyer for whom stated to the informant that "If I could not have got them for my price I would not have taken them." The informant stated that Swift & Co.'s price was only 6¼ cents, while his own had been 6¾ cents.

From the foregoing it is seen that at those stockyards throughout the country which are controlled by the big packers and at which the order buyers and speculators do not operate, the testimony of the independent packers is to the effect that the commission men are largely under the influence of the big packers and that the small packers do not have an even competitive chance in purchasing their live stock.

Small packers and order buyers at Chicago and at some of the other large markets where they operate with some freedom frequently begin their buying shortly after the market opens and at prices the larger packers may or may not follow. Frequently the big packer market opens at a range of prices established by the Big Five when they finally begin buying after holding off several hours. In measuring their power, it should be noted that the Big Five invariably practice late buying together and enter the market simultaneously, and that their combined live-stock purchases are over 80 per cent of all purchases at the largest price governing markets.

Section 6.—**Daily live-stock price fluctuations.**

As indicated by the daily price quotations of trade papers the prices which the packers pay for live stock fluctuate much more widely and more frequently than do the prices which they receive for their products.

In the long run, the highest prices the packers can pay for live stock are those which would equal the prices which they are able to get for the products minus the actual cost of operating the packing

business and a small profit on investment. On the other hand, in the long run, the lowest prices which it is advantageous for them to pay for live stock are those which will yield the maximum amount of profit, considering the cost of slaughtering live stock and the prices of its products, together with the volume of business. But, occasionally, on certain transactions, the packers pay such high prices for live stock that they lose money on those particular "lots" of animals. And they often (according to statements of live-stock producers) on certain other transactions pay such low prices that the producers lose money on the animals sold.

In general, the Big Five endeavor to keep the actual prices of live stock as near as practicable at the level which yields them maximum profits. However, in making the daily live-stock market they constantly change the prices according to variations in the daily receipts of live stock at the different markets, according to the trend of animal product prices, and according to prospective market changes.

Due to variations in daily receipts of live stock.—Availing themselves of the constant variations in receipts of live stock at the markets, the big packers suddenly and greatly change the daily prices. When daily receipts are very light, with the idea of encouraging heavier shipments, they often raise live-stock prices to a high level. But when daily receipts are very heavy and there are prospects of their so continuing, they generally put the prices down to a low level, and sometimes even below cost of production.

The following letters, sent out by the head buyers of Swift & Co. at Chicago to buyers at the different markets illustrate the method by which the big packers increase or decrease prices according to receipts of live stock at the different markets:

Chicago, *Oct. 5, 1917.*

Mr. G. B. Mills,
National Stock Yards, Ill.

Dear Sir: Notice you are having heavy receipts of cattle, your market working lower at the end of this week, and it looks at present as if heavy receipts would continue through the month of October in which case hope you will take a strong stand to buy all classes of cattle lower.

We can use a few diamond B cattle weekly if obtainable, good assortment, so beef will load out even.

Can also use few choice yearlings weekly.

Trusting you will keep me posted, I am,

Yours respectfully,

WL:PS W. Leavitt.
Copy to CHS [Head cattle buyer for Swift & Co.]

Chicago, *Oct. 5, 1917.*

Mr. Bert O'Connell,
Fort Worth, Tex.

Dear Sir: Notice you continue to have heavy receipts of cattle and it looks at present as if heavy receipts would continue through the month of October.

If receipts warrant Monday, the 8th, hope you will take a strong stand to buy all classes of cattle lower.

Trusting you will give your local order business best possible attention and keep me posted on stock yards matters, I am,

Yours respectfully,

WL:PS W. LEAVITT.

Copy to CHS

CHICAGO, *Feb. 1, 1918.*

Mr. G. B. MILLS,

National Stock Yards, Ill.

DEAR SIR: Your native cattle killed this week look fully in line with all other markets. Your cow stuff also looks in line.

We have had very light receipts of cattle at Chicago this week caused by storms and railroad conditions. Therefore, our market has been very high. As soon as we begin to loosen up and get good runs here will certainly buy cattle considerably lower.

If you have good receipts Monday, the 4th, must make special effort to buy all classes of cattle lower, working principally on low cost good weight steers and dressed beef cows.

Trusting you will keep me posted, I am,

Yours respectfully,

EAT:PS E. A. TAMBLYN,

Copy to CHS [Assistant head cattle buyer for Swift & Co.]

CHICAGO, *Feb. 1, 1918.*

Mr. E. E. VANCE,

South St. Joseph, Mo.

DEAR SIR: On account of bad weather conditions we have had very light receipts of cattle at Chicago this week; therefore, our market has been very high. As soon as we have good receipts will certainly buy cattle considerably lower.

Your cattle killed this week look fully in line, with the exception of your pulp cattle which are very high and badly out of line.

St. Joseph cattle killed by United this week show pretty fair results.

If you have good receipts Monday, the 4th, must make special effort buy all classes cattle lower, working principally on low cost steers and dressed beef cows.

Trusting you will keep me posted, I am,

Yours respectfully,

E. A. TAMBLYN.

EAT: PS

Copy to CHS

CHICAGO, *Feb. 1, 1918.*

Mr. FRANK PRUCKA,

South Omaha, Nebr.

DEAR SIR: On account of weather conditions we have had very light receipts of cattle here this week and very high market. As soon as weather warms up and we can get fair receipts will certainly have lower market here.

Your cattle killed this week look fully in line with all other points.

If you have good receipts of cattle Monday, the 4th, must make special effort to buy all classes of cattle lower, working principally on lower cost, good-weight steers and dressed beef cows.

Omaha cattle killed by United this week show good results.

Trusting you will keep me posted, I am,

Yours respectfully,

E. A. TAMBLYN.

EAT: PS

CHICAGO, *Feb. 1, 1918.*

Mr. F. H. STEMM,
Kansas City, Kans.

DEAR SIR: We have had very light receipts of cattle at Chicago this week, caused by storms and bad railroad conditions. Therefore, we have had a very high market. As soon as weather warms up and receipts start coming again we will certainly have a considerably lower market.

Your native steers killed this week look high compared to other river markets.

Your cows also look very high compared to other river markets.

If you have good receipts Monday, the 4th, must make special effort to buy all classes cattle lower.

Satisfactory, you buy good supply cost good-weight steers and dressed beef cows weekly until further notice.

Kansas City cattle killed by United this week show very poor results.

Trusting you will keep me posted, I am,

Yours respectfully,

E. A. TAMBLYN.

EAT: PS
Copy to CHS

DUE TO CHANGES IN PRICES OF PRODUCTS.—Though daily live-stock prices fluctuate more widely and more frequently than do the prices of meat and other animal products, taken over a long period of time the two sets of prices follow the same general trend. For example, during the war period (1914–1918) the trend of both live stock and the products of live stock was upward, though the spread between the two materially increased—indicating higher profits for the packing companies.

The trend of the meat and other animal products markets often considerably influence the big packers in making the daily live-stock market. When the prices of their products go to a higher level and remain there the packers in time put the prices of live stock up, and vice versa. It is necessary eventually to raise live-stock prices when the products remain up in order to keep down potential competition and to continue to get a sufficient supply of live stock.

DUE TO SPECULATION.—The packers occasionally suddenly put the live-stock market up or down apparently without reference to either the immediate live-stock receipts or the prevailing market for their products. Such action may be due to their desire to increase or reduce their stock on hand; or to a belief that the prices of their products can, in the near future, be increased or must be reduced; or to a desire to encourage an increase in live-stock production.

That the big packers together use their power to put the daily prices of live stock up or down according to their immediate desire is frequently evidenced by the daily market reports of the live-stock journals.

The following description of the Chicago market for February 23, 1916, as recorded in the Chicago Daily Farmers and Drovers Journal bears upon this point; this distinction between "big packers" and

"shippers, small packers and speculators" is one commonly made by this journal, the "big packers" or "the packers" being considered together as having the same attitude toward prices:

Hog receipts were posted at 41,000, including 7,300 direct to one of the packers from another market, and only 4,285 were carried over from Tuesday. This made a comparatively moderate supply for sale, but big packers were bearish from the outset. Shippers, small packers, and speculators bought freely in early hours, even though the big concerns held off, and opening prices ruled 5 to 10 cents higher, with the most advance shown on light grades of choice quality.

This advance carried prices to the highest level since last October, and the top stood only 32½ lower than the best price last year. Big packers balked at following the advance and after early urgent orders were filled by the shippers and small packers the market had a dull tone, which was followed by a decline in prices. The speculators lost money on their purchases, as late prices were no better than yesterday, and for a time the packers made bids which were lower than any period that session.

[Quotations from the Chicago Live Stock World.]

Packers were decidedly bearish and left quite a number in the pens regardless how seemingly cheap the hogs looked. (Sept. 11, 1914.)

The packers "simply took what they wanted and then quit cold, most of the buyers going to the house around 11 o'clock." (Nov. 21, 1914.)

Later market slow and unsatisfactory with big packers bearish all day, doing comparatively little business until around the noon hour. (Nov. 27, 1914.)

Big packers held off until nearly noon and while they took hold late acted indifferent, forcing a weak finish to the trade. (Dec. 17, 1914.)

Big packers held off until nearly the noon hour, but around 12 o'clock Armour and others of the "big fellows" took hold with considerable freedom, making a good clearance of early arrivals. (This was also a day of big runs on all the markets.) (Dec. 22, 1914.)

Packers generally refused to follow the market and held off for lower prices, which materialized before 10 o'clock. (Dec. 23, 1914.)

[Quotations from the Chicago Daily Farmers and Drovers Journal.]

Packers insisted on further declines, and big buyers had done nothing up to 1 o'clock. Trade was slow on that account. (Jan. 5, 1915.)

Packers held off and did not buy hogs until late in the day and then the market weakened. (Jan. 6, 1915.)

Packers took advantage of the large layover and hammered prices even lower than the mean close of Thursday. (Jan. 8, 1915.)

[Quotations from the National Provisioner.]

Wednesday's hog receipts were about double the number of Wednesday a week ago and eastern shipping orders were very light, leaving the trade largely in the hands of the big packers and enabling them to force prices considerably lower. (Aug. 29, 1914.)

The big packers were not willing to follow the lead of those who bought for the eastern trade and the speculators, but held back until late in the day. (Oct. 31, 1914.)

TESTIMONY FROM LIVE-STOCK PRODUCERS AND COMMISSION MEN.—Many of the live-stock commission men say that the big packers manipulate the daily live-stock market. The protest which was made to the big packers by the commission men at Chicago (quoted on pp.

94–95 of Pt. II of this report) shows that they realize the big packers make the daily market and unfairly manipulate prices.

The exercise of power by the Big Five to manipulate daily live-stock prices has been one of the chief causes of an antagonistic attitude which live-stock producers frequently take toward the big packers. They have individually and as associations bitterly complained against the use of this power by the packers. In Exhibit 5, pages 471–486, are given some of the complaints which live-stock producers have lodged against the Big Five for manipulating the daily live-stock market.

Not the least danger in the manipulation of daily live-stock prices is in its effect on the volume of production of the meat supply, because, as the President said in his letter of February 7, 1917, to the Commission directing the food investigation:

> It is obvious that there will be no sufficient incentive to enlarge production if there does not exist an unobstructed and economical system of distribution. Unjustifiable fluctuations in prices are not merely demoralizing; they inevitably deter adequate production.

Section 7.—Country buying.

The big packers purchase over 90 per cent of their live stock at the stockyards; the balance they purchase directly in the country. The principal sections of the country in which they engage in country buying are the Pacific coast and parts of the corn belt. On the Pacific coast and at some of their other plants not located at stockyards centers the big packers purchase their animals directly from the producers at the shipping points or purchase them at their plants. In these cases shipments are made directly from producer to packer without passing through stockyards or concentration points. This is the method of purchasing employed principally by independent packers, most of whose plants are located away from the large stockyards markets. In their country buying in that part of the corn belt which includes Iowa and parts of neighboring States, the big packers maintain concentration stations to which animals are sent from the surrounding territory. Country buying on the Pacific coast involving a combination and division of territory was treated in Part II.[1] This section will deal particularly with country buying in the corn belt.

The equipment of concentration stations, or transit points as they are also called, consists of yards, scales, loading and unloading facilities usually owned by the railroad. At these stations the big packers maintain a constant market for live stock. However, these are not competitive markets for each concentration station is operated by and for only one packer.

[1] Pp. 118–126.

The following packers—four of the Big Five and one independent—maintain concentration stations, as follows:

SWIFT & CO.

Valley Junction, Iowa.
North McGregor, Iowa.
Clinton, Iowa.
Muscatine, Iowa.
Burlington, Iowa.
Savanna, Ill.
Keithsburg, Ill.

ARMOUR & CO.

Fort Dodge, Iowa.
Peoria, Ill.

WILSON & CO., INC.

Aurora, Nebr.
Kearney, Nebr.
Des Moines, Iowa.
Waterloo, Iowa.

THE CUDAHY PACKING CO.

Creston, Iowa.

CUDAHY BROS. (MILWAUKEE).

Winona, Minn.
Mankato, Minn.
Boone, Iowa.

ADVANTAGES OF COUNTRY BUYING.—The prices offered by all country buyers are based on prices established at the large stockyards markets—particularly Chicago, less freight rates to the nearest competing centralized market. In view of this and assuming that the producer in the corn belt knows the market value of his animals, there should be no great difference in the ultimate price he will get for his animals, whether sold to country buyers or through stockyards. There are, however, some minor factors that appear to make country buying by the packers an advantage to the live-stock producer in the corn belt.

The most noticeable advantage to the producer is in the saving of much of the cost incidental to selling at an open market. There are no terminal charges on shipments into and out of a concentration station, and no commissions to be paid, as the transaction is directly between the buyer and seller with no third party intervening. These incidental charges to marketing animals at a stockyard are considerable. For instance, at the Chicago stockyards the shipper is subjected to the following charges on hogs:

Terminal charges per car	$2.00
Commission per car	10.00
Total per car	12.00

To this must be added the following items:

Inspection per head	$0.15
Yardage per head	.08
Total per head	.23

To reduce these costs to the average amount per animal or per 100 pounds is difficult, as it is difficult to state with accuracy the average number of hogs to a carload, or the weight of the average hog. An estimate of the above-mentioned expenses per car has been made, however, based upon a report of the Union Stock Yards & Transit Co.,

submitted to the Interstate Commerce Commission,[1] which indicates that the average terminal charges are 11.8 cents per 100 pounds. On this basis the cost of transferring animals from seller to buyer for a single-deck car, loaded to the minimum of 17,000 pounds, would be approximately $20. The costs at a concentration station amount to much less, since practically the only expenses are such as the feeding and watering of the animals entails. This work is done by the buyer, as such duties are not assumed by the carriers. Loading and unloading are also done by the buying company. The entire costs of buying and selling through a transit point has been estimated to amount to about $3 per car, this showing a saving of at least $17 a car on animals sold at concentration stations. This saving in the cost of buying and selling may be considered a mutual advantage to both parties in the transaction over a centralized market. Such a method of disposing of stock necessarily precludes the payments which are made to commission men at stockyard markets. For this reason, if no other, the commission men are opposed to this method of marketing stock.

In Iowa, and in adjacent parts of neighboring States, most of the producers of live stock who have access to the concentration stations enjoy the competition that exists between these stations and several independent packing plants located in this section. The principal independents in this section who slaughter a sufficient number of animals, particularly hogs, to afford producers a constant market, and who are active competitors of the big packers' concentrations, are:

John Morrell & Co., Ottumwa, Iowa.
Rath Packing Co., Waterloo, Iowa.
Iowa Packing Co., Des Moines, Iowa.
Jacob Decker & Sons, Mason City, Iowa.
George A. Hormel & Co., Austin, Minn.

Thus most of the producers and shippers in this territory in addition to having a choice between the stockyards markets and the concentrations have the advantage of competition between these and the independent plants. This gives the producer in this, the most productive live-stock producing section of the country, a better market outlet than obtains in other parts of the country.

In California the packers have succeeded in dividing the territory, thereby eliminating competition, because there are no stockyards markets in that section to compete with country buying. But in those sections of the corn belt where the producers may choose between a stockyards market and the country buyer (either the big packer or the independent) there is apparently no division of territory.

FREIGHT RATES AND THE INDEPENDENTS.—Inasmuch as all country buying prices are based on the stockyards market, it makes little difference to producers, outside the advantages just mentioned, whether they

[1] National Live Stock Exchange, c. C., B. & Q. R. R., I. C. C., 9169.

sell their live stock to country buyers or through a centralized market. Producers are influenced differently by the different factors involved, so that some sell to concentration stations, or to the country buying independent packers, while others in the same community ship to the stockyards markets. As between the independent packers located in the country buying territory and the big packers operating concentration stations, the advantages are not as equal. On account of the way in which the railroad tariffs have been made, the concentration stations enjoy an advantage over the independents located in the corn belt who depend mainly on country buying for their animals. Stock sent to the transit point is always for a destination more distant than the transit station. On this class of shipment most of the railroads grant through rate from the point of origin to the ultimate destination, the transit point being considered a "stop-over" place. The following, taken from the public tariff of the Chicago, Milwaukee & St. Paul Railroad, covers provisions of one station in Iowa and one station on the Mississippi River in Illinois and is a typical regulation:

1. Rates to and from transit station:

A. Rate into the transit station will be the current rate of tariff, point of origin to such station.

B. Rate from the transit station to transit destination will be the difference between this rate collected to the transit station and the rate, point of origin to transit destination in force on date of shipment from point of origin, as shown on freight bills surrendered.

Of the total freight rate thus paid the shipper to the concentration station is required to pay only the proportional rate from the point where he loads his stock to the transit station. This being prorated part of the long haul, it is naturally less than the local rate on the short haul over that same distance. On the shipment to the local packing house, however, it is necessary to pay local rate. This fact necessitates the local packing house paying more for the hogs than the transit station by the difference between the freight rate which the shipper would have to pay to the concentration station and that which he would need pay to the local packing house. If the same price were offered by the two buyers the producer would naturally send to the concentration station to secure the advantage of less freight charges.

The big packer system of concentration stations is favored by the fact that parts of this mid-western territory are divided into large rate zones; that is, there are districts all points of which have the same rate to Chicago. Chicago is the point where rates east and west "break"; that is, the through rate west to east equals the sum of the rate to Chicago and the rate from Chicago on to eastern destinations. When the transit station is situated in the same rate zone as the point of origin—that is, when the point of origin and the

transit station both take the same rate to destination—the charges to the transit station will be entirely absorbed.

One of the principal concentration stations of Swift & Co. is at Valley Junction, Iowa, from which it shipped over 275,000 hogs to its eastern plants in 1916. This transit point is in the blanket rate territory. The blanket rate territory affecting Valley Junction on the Chicago, Rock Island & Pacific Railroad includes over half of the area of the State. The loading points specifically mentioned in the Chicago, Rock Island & Pacific tariff as taking the same rates to Chicago as does Valley Junction extend further north than Mason City, Iowa, where is located the Jacob Decker & Son, independent packing plant; as far to the west as Omaha and southwest as far as Leavenworth and Kansas City.

How the tariff rates in this territory affect an independent competitor may be illustrated in the following way. Valley Junction is 6 miles from Des Moines. The Iowa Packing Co. at Des Moines has to pay the local freight rate of 10.8 cents per 100 pounds on hogs shipped to it from Griswold, Iowa. The rate from Griswold to Swift's New England plants is the same as the rate from Valley Junction to these plants, so that the shipper at Griswold is charged no freight by the Swift buyer at Valley Junction, while the independent packer must pay the local rate to Des Moines or offer a Griswold shipper a price enough higher to offset the freight.

The following letters which passed between G. F. Swift, jr., and A. R. Fay, transportation manager of Swift & Co., indicate that Swift & Co. has been successful in securing from the railroads favorable rates and other concessions for its large Valley Junction concentration station.

CHICAGO, *May 17, 1916.*

Mr. A. R. FAY,
First Floor:

I would like the history of our New England packing companies' country buying, say, in the last ten years. What new points have we established and give the dates, and when we established Keithsburg or any others did we discontinue one in the place of it, or how many more have we now than we had ten years ago?

Would like information to-day.

Please reply.

G. F. SWIFT, Jr.
S

GFS, Jr. HS.

CHICAGO, *May 17, 1916.*

Mr. G. F. SWIFT, Jr.,
Second Floor.

Answering your letter of this date I can not give you definite answer as to what country buying points were being operated exactly ten years ago. The matter is so old that our files showing the information are either destroyed or not available. I will give you a short history of the matter, as I remember it.

The time Mr. E. C. Swift bought Squire I think they were buying some hogs at Valley Junction and Burlington. The stockyards at Valley Junction were very dilapidated and the territory from which hogs could be shipped into Valley Junction and sold was very limited, account of the rate adjustment. When we took hold of the traffic end of the Squire Company we had the Rock Island rebuild the stockyards at Valley Junction, at an expense of about $30,000, and we had the rates into Valley Junction adjusted so that they largely increased the territory available for shipment to Valley Junction. At Burlington we had the C. B. & Q. rebuild the yards to some extent, but not nearly as large a job as at Valley Junction.

The first station that we obtained for Squire, in addition to the above two, was Savanna, Ill., on the C. M. & St. P. We made this arrangement and had these stockyards partially rebuilt. I think the next one we made was Muscatine, and we had the Rock Island entirely rebuild the yards, and we also had the rates adjusted so that Muscatine could draw from a large territory. The next station we arranged was Keithsburg, Ill., on the M. & St. L. These yards, as you know, we have struggled with ever since we have been doing business there; but owing to the M. & St. L. being short of money we haven't had as much improvement made in the yards as we wanted to; but they are in a good deal better shape than when Squire started buying there. The next station, and the last one we arranged for, was Clinton, Iowa, on the C. & NW. These yards we had the C. & NW. cover a number of pens and pave the alleys and pens and put in a storage house for grain and for bedding.

We did not discontinue any station when we started Keithsburg.

I can not tell definitely how many more stations we have now than we had ten years ago, but I should guess ten years ago Squire was operating Valley Junction, Burlington, and Savanna. Since that time we have had Muscatine, Keithsburg, and Clinton. So on this basis Squire is operating three more stations now than they were ten years ago.

The department is searching for the old files and Mr. Frederick tells me that he does not think there are any of them in existence; but if I can get more definite information on this subject I will do so and send it up to you later in the day or to-morrow.
ARF-B.
Trans. Dept.

P. S.—Please understand that our arrangements for this country buying are not exclusive. Anybody that wants to do so can buy hogs under exactly the same conditions as J. P. Squire & Company can; but so far no one has tried to avail themselves of this privilege. We do not lease the yards, but have certain pens assigned to the use of the Squire people—but with the understanding that if the rest of the yards are crowded, that these pens assigned to the Squire people may be used by the railroad for the commercial business.

This letter indicates that the freight rate is of great importance in successful country buying. These tariff arrangements have been attacked by the live stock commission men as unfair and unduly discriminatory. Independent packers in Iowa have at times complained of the advantage granted the big packers by these tariff arrangements. A case was brought before the Interstate Commerce Commission in 1916. While this case was pending, A. R. Fay wrote to G. F. Swift, jr., as follows:

CHICAGO, *October 27, 1916*

Mr. G. F. SWIFT, Jr.,
Second Floor. File 1062-ARF

Talked with Vice President Burnham of the Burlington in regard to I. C. C. Docket No. 9169, which we talked of to you this morning. Mr. Burnham replied right off the bat that it was not the intention of the roads to make any defense, but to simply make

the statement of what their practices were and to say that they were covered by tariff. When I told him we wanted the railroads to make a defense he said that was different and they would have to consider the matter and that he would take it up with the other roads and let me know Monday whether they would act for themselves or whether they would handle through one lawyer and let me know Monday what they decided in the way of handling.

Will let you know what further I hear from him Monday or Tuesday.

A. R. FAY.

ARF-B
Copy to R. C. McM.
R. D. R.

This letter clearly shows the desire of Swift & Co. to continue the then existing arrangements with the railroads. A decision was handed down in this case on November 30, 1917, which held "that the evidence fails to show that the rules complained of are unjustly discriminatory as alleged. Complaints dismissed." J. P. Squire & Co., Cudahy Bros. Co., and the following railroads defended the case: Chicago & North Western; Minneapolis & St. Louis; Chicago, Milwaukee & St. Paul; Chicago, Burlington & Quincy.

CHAPTER III.—MANUFACTURE AND DISTRIBUTION OF MEAT PRODUCTS.

Section 1.—Introduction.

Of the meat trade in the hands of interstate slaughterers in the United States the five big packing companies with their affiliated and allied companies have more than 73 per cent of the total. Of the meat trade of both interstate and wholesale local slaughterers they have more than 67 per cent of the total. Moreover, the power of the big packers in the meat business is greater than is indicated by these figures because they act together in disposing of their products, and place the independent packers in a noncombatant position.

In addition to the superior advantages over the independents in the buying of live stock the big packers obtain cheaper credit, buy supplies for less, get better transportation facilities and services through their control of great tonnage of shipment.

The big packers' ownership of refrigerator cars and development of car-route and branch-house systems is such that the small independents' opportunity of widening their field beyond a purely local business is much restricted; and the big packers, by extending their ownership into the outlying areas of the industry (wholesale meat houses, consignment houses, and hotel-supply companies), have so restricted the general markets that the small independents in many cases can dispose of no surplus products over the local demand unless to the big packers themselves.

Furthermore, to the above-mentioned advantages which they have secured over independent companies, the big packers, singly and in concert, have added on occasion certain questionable practices to such an extent that the small concerns do not attempt to enter actively into competition with them. Their readiness in the past to employ methods of price cutting, especially, in order to punish, intimidate, or drive out of business independent concerns, has been so manifest that the small packers no longer attempt to take the initiative and compete with the big packers, but merely follow in their wake and profit by such business as they can develop without antagonizing them. The result of the situation has been that numbers of independent packing companies have been absorbed by one or the other of the Big Five.

The pure-food act has been construed so that the meat packers are permitted to sell their wrapped meat products at gross weight instead of net weight, while all other food products in package form are sold at net weight. In addition, there are cases where the big packers violate State statutes in regard to correct weights and measures.

Through their control of the larger part of the supply of meat throughout the country, the big packers have the prices of dressed-meat and packing-house products so well in hand that, within certain limitations, meat prices are made to respond to their wishes.

Notwithstanding the special advantages which the big packers obtain and in the face of the subordinate position of the independent packers, it is not demonstrable that they are more efficient than the medium-sized and larger independents. For example, in order to obtain and hold a great proportion of the total business they maintain an enormous organization with very large overhead expenses. With a free and open field the independents would have opportunity to carry real competition into the industry.

Section 2.—Volume of meat trade of the big packers.

Of all the animals slaughtered in 1916 by interstate slaughterers in the United States, the Big Five slaughtered 82.2 per cent of the cattle, 61.2 per cent of the hogs, and 86.4 per cent of the sheep. On the basis of estimated live weight, the Big Five slaughtered 82.4 per cent of the cattle, 63.3 per cent of the hogs, and 86.6 per cent of the sheep, and 73.3 per cent of the total slaughtering done by interstate slaughterers. Of the total slaughter by both interstate-wholesale and local slaughterers in 1916, on the basis of the estimated live weight, the Big Five slaughtered 75 per cent of the cattle, 59.8 per cent of the hogs, 78.6 per cent of the sheep, and 67.8 per cent of the total, leaving to all other interstate-wholesale and local slaughterers 32.2 per cent.

Exhibit No. 6, pages 311–314, gives the number of head of various kinds of animals which in 1916 were slaughtered by each of the Big Five and each of their subsidiary, affiliated and allied companies, as well as the number slaughtered by different groups of independent (both interstate and local) slaughterers.

Neither the percentage of the number of animals slaughtered by the Big Five nor their slaughtering percentages based on estimated live weight gives a true picture of the dominant position which they occupy in the meat trade. Owing to the Big Five's restrictions of the markets of the independents, the lack of refrigerator-car and branch-house facilities on the part of the independents, many of them sell all or a part of their products to the Big Five. Hence, the Big Five control a larger percentage of the meat trade than is indicated by their slaughtering percentages.

Moreover, this dominant position of the Big Five is enhanced by the fact that they act in concert.

Section 3.—Relative advantages of Big Five and independents.

In the operation of the packing business the Big Five have acquired special advantages, some of which are unfair, over the independent packers; and on the other hand these latter, because of the size of the big packers, enjoy certain advantages over them.

Securing raw material and supplies.— The principal raw material bought by meat-packing companies is the live stock which they slaughter. It was shown in Chapter II that the independent packers, whether they buy at the stockyards or in the country, generally pay more for their live stock than do the big packers, because of the fact that the latter control the centralized markets and secure various transportation advantages.

The big packers also enjoy advantages over their independent competitors in buying supplies with which to manufacture, such as salt, ammonia, hooks, packing cases, office and other supplies, due in part to ownership that some of them have in factories which produce such supplies, and in part to their ability to buy in larger quantities than their smaller competitors. The following correspondence shows that in the case of ammonia two of the big packers sell to one of the others at a special discount:

Western Meat Company,
San Francisco, *October 18, 1913.*

Mr. E. B. Shugert, Secretary,
Office.

Dear Sir: We have arranged to purchase our ammonia at all of our plants from Morris & Company, who carry a stock at San Francisco. This ammonia will be billed to us at 30 cents per lb. less 15 per cent less 1 per cent for cash in 10 days. We have an understanding with Morris & Co. that the ammonia which we purchase from them will cost us net 24 cents per lb. less 1 per cent for cash; and will ask that you arrange to see that an invoice against Morris & Co., Chicago, be made out every three months

to cover this rebate. The bills should be sent under personal envelope to T. R. Buckham, c/o Morris & Co., Chicago, together with the receipted bills.

We should also be particular to see that we get a rebate on anything which the Oakland Meat & Pkg. Co. buy, or which is shipped direct to our different branch houses.

I am sending two additional copies of this letter.

Presume you can arrange to send the original bills by keeping copies for our records. We have already started purchasing from Morris & Company, and I would suggest that you put your personal O. K. on all of the bills for ammonia.

Yours respectfully,

WESTERN MEAT COMPANY,
Per [signed] F. L. WASHBURN.

FL:O

SWIFT AND COMPANY,
UNION STOCKYARDS, CHICAGO.

APRIL 27, 1915.

WESTERN MEAT COMPANY,
Accounting Department, San Francisco, Calif.

Morris ammonia shipped Hardwick.

Auditor Snow in his report brings up the question whether Hardwick is entitled to the confidential allowance on purchase of Morris ammonia:

Would like to have you instruct your auditor that this is a confidential deal and is not supposed to be spread over the branch houses. We do not distribute the additional allowance of 15 per cent, but retain all of it in Chicago, as we do not care to have this information published that we are securing the additional allowance.

Please arrange that none of your auditors in the future bring up questions of this kind on confidential allowances on any branches that they are auditing.

SWIFT & COMPANY,
Per [Signed] RHD.

Asst. Office Manager.
RHD:M

CHICAGO, *January 19, 1917.*

Mr. F. L. WASHBURN,
Western Meat Company,
6th & Townsend Sts., San Francisco, Calif.

DEAR SIR: I inclose you herewith a letter from the Armour Ammonia Works, dated January 15th, together with bill to us here for—

5 cylinders ammonia
Shipped to Nevada Packing Co., Reno.

For your private and confidential information, Swift & Company has a special discount of 10 per cent and 5 per cent on Armour ammonia and if you see no objection, we can take advantage of this providing the ammonia was used by the Nevada Packing Company.

I am under the impression that this is a consignment account and while some of it may have been used by them, on the other hand, some may have been sold outside.

Will you please investigate this matter and advise?

Yours respectfully,

[Signed] LOUIS F. SWIFT.

SECURING CREDIT.—The meat-packing business to-day is operated heavily on credit. In borrowing money the Big Five have a marked advantage over independent packers.

During the year 1918, according to their reports, they borrowed money at an average rate of 5.9 per cent, whereas 27 of the representative independent packers, according to their reports, paid an average of 6.7 per cent, a difference of 0.8 per cent in favor of the big packers.

An instance of the big packers' better terms of credit with the banks than the small packer is shown in the following letter from the Live Stock Exchange National Bank, Chicago, Ill., to J. A. Spoor, president of the Chicago Junction and Union Railway Stockyards:

THE LIVE STOCK EXCHANGE NATIONAL BANK,
Chicago, Ill., October 6, 1915.

Mr. J. A. SPOOR,
Pittsfield, Mass.

DEAR MR. SPOOR: The Standard Slaughtering Company and the Peerless Packing Company have passed under the control of Morris & Company. Both accounts have been kept with this bank, but they have cleaned up with us. Our rate to them recently has been 5 per cent. This morning we are asked to extend accommodations to the Standard on the basis of the rate which we would extend to Morris & Company. If we do not do so, it means probably that the accounts will go elsewhere. Leonard advises me to stand pat on a 4½ rate. I will take care of their accommodations to-day, but feel that under the peculiar conditions existing, I should, in this case, have your opinion, which, however, I should not in any event quote, but take the stand as of my own making. I will appreciate early advice from you in the matter.

Very sincerely yours,

[Signed] W. A. HEATH.

At this time Morris & Co. were patently securing a less than 4½ per cent rate from this bank, while the smaller concerns had to pay 5 per cent.

The advantage which the Big Five have in this respect is doubtless due in part to their ownership of stock in some of the important banks, from which they can secure loans. It is also partly due, doubtless, to their much wider borrowing market.

UTILIZATION OF BY-PRODUCTS.—In the utilization or development of animal by-products the Big Five possess no appreciable advantage over the medium-sized and large independent packers, as the advantages in handling by-products are not due to wide-spread connections throughout the country, but merely to plant equipment. Such companies as the Cleveland Provision Co., Cleveland, Ohio; Kingan & Co., Indianapolis, Ind.; Geo. A. Hormel & Co., Austin, Minn.; Jacob Dold & Son, Buffalo, N. Y., and Wichita, Kans.; and John Morrell & Co., Ottumwa, Iowa, have plants about as well equipped for the utilization of most by-products as any of the numerous plants of the big packers.

However, many of the small packers have such inadequate equipment that they are unable to work up their by-product material into even the ordinary finished products as do the larger plants. Some of them can not afford the refrigerating apparatus used in canning and have to send meats that might be preserved in tins to the tank instead. Also, because of this same lack in equipment, the very small packer is unable to make "summer" sausage the year round, as his large competitor is able to do, for this particular product requires a very even temperature in drying, and he can not afford to install the apparatus.

The tank is the receptacle into which the small packer finds it necessary to dump many parts of the animal which the large packer is equipped for manufacturing into finished goods. He can not always save his casings to use in the manufacture of his own sausage, but sends them to the tank. It is frequently the case that he can not even keep separate and dry the blood, which is rich in ammoniates, but tanks it with the offal or lets it flow into the sewer. In some instances the small local packer's equipment is so inadequate that even the offal has to be dumped out and buried, and so goes entirely to waste.

Thus, on the one hand, the smaller independent packers must tank many valuable parts of the animal and derive from them only grease and tankage. The large packers (including the Big Five and several independents) on the other hand, because of their greater production, are prepared to make a special use of nearly everything that comes from the killing beds and cutting rooms. The big packer establishes his own soap factory to consume the inedible greases from his tanks and makes oleomargarine from his edible greases. He makes glue from hides, sinews, and bones. The tankage which the small packer does produce is usually sold to fertilizer manufacturers, whereas the large packer uses his tankage in a mixed fertilizer plant of his own.

In the case of hides, the most important by-product, the smaller independent packer does not generally grade what are in his pack, but sells them as they are to the broker, tanner, or big packer. Few of the local packers have enough hides to separate into grades, and, although they are often just as good as the hides of the big packing plant, they have to be sold as "country" hides, a classification which does not bring as good a price as "packer" hides. The big packer, on the other hand, has such a number of hides that he keeps them in grades and even operates tanneries to convert them into leather.

As has already been indicated in Part I (see p. 107) of this report, the small independent packers do much more manufacturing of hog products than they do of cattle products, because the slaughter of cattle involves the handling of so many by-products for which the small concern is not equipped; whereas, the by-products of hog

slaughtering are fewer and are easily handled. Also, many hog products may be kept by curing, while in the case of beef, the product must be sold fresh or refrigeration is necessary.

SELLING LOCALLY.—All classes of independent packers sell the larger part of their products in the territory immediately surrounding their plants, hence they do not have to incur the expense of a large selling organization, of transportation charges, and maintenance of branch houses. The cost of disposing of their meat products, therefore, is much less than that of the big packers. This, together with the fact that ordinarily they obtain slightly higher prices for their meat products than the big packers do (see p. 130) results in no little advantage to the independent concerns, so long as the big packers do not locally cut prices.

SELLING IN DISTANT MARKETS.—Under present conditions, the independent packers are at a comparative disadvantage when they attempt to sell in distant markets. Whereas the big packers own their refrigerator cars and can thus control the shipment of their products, the small packers own but few such cars and must depend largely upon the railroads or private car line companies for cars in which to transport their meats. Furthermore, there are few channels through which the independent packers can dispose of their products in distant markets. In attempting to sell in such markets they encounter the discouraging features of irregularity in transportation, inferior service, and lack of facilities for taking care of the goods on arrival, all of which tend to bring about deterioration of the meats and dissatisfaction on the part of the customer. Hence, the independent packers in reaching distant markets, encounter a greater expense, more uncertainty, and proportionally greater losses than do the big packers.

OVERHEAD EXPENSES.—The Big Five apparently have proportionately much larger overhead expenses than have the independents. In order to support and keep in coordination their large and complicated organizations, the big packers have to maintain numerous high-salaried executive and administrative officers, as well as a small army of bookkeepers, statisticians, inspectors, clerks, and stenographers. The independent packers' business is more simple and their administrative expenses are proportionately less.

The Big Five spend each year large sums of money for the purpose of maintaining their position in the industry. Their legal expenses and attorneys' fees are quite large, as they employ many attorneys and are parties to many legal proceedings. The amount of money which each of them spends in "good-will" advertising is considerable. They donate much to political campaigns and political lobbyists. They go to no little expense in keeping in touch with associations of cattlemen and consumers and the individual members of such asso-

ciations. The independent packing companies spend little or no money for the purpose of maintaining their position in the industry.

Notwithstanding the many special advantages secured by the big packers, their per cent of profit on net worth in 1918, though large, was, according to their statements, no greater than that of the largest independents and was even less than that of the medium-sized independents. Only the small independent packing companies, who are unable to utilize to the fullest extent their by-products, made a less per cent of profit than the big packers. Apparently the relative inefficiency of the Big Five is due in considerable part to the high overhead expenses which they carry.

Section 4.—Control of distribution.

The sales organizations of the Big Five are very complete, and by means of them they are able to sell their products directly to retailers in almost any town or city in the United States. This organization consists of three highly important factors of distribution: (1) Ownership of private refrigerator cars, (2) highly developed car-route and truck-route systems, and (3) branch houses and storage plants.

REFRIGERATOR CARS.—The subject of refrigerator cars has been treated at length in a report of the Commission on private-car lines. The independent is greatly handicapped in competing with the big packers on account of his lack of refrigerator cars. Only about 20 independents operate any cars of their own. Out of a total of 16,875 beef refrigerator cars in the United States, 15,454 belong to the Big Five, 1,146 belong to independent packers, and 275 are owned by other interests. That is, the big packers own nearly 92 per cent of these cars, while only about 7 per cent are owned by the independent packers. The small packer can not use the cars of any of the Big Five for shipping his dressed meats to distant points, but must depend upon cars requisitioned from the railroads or leased from private car-line companies, the supply of both of which is inadequate and not to be obtained regularly. Moreover, the refrigerator cars of the railroads and of private car-line companies are inferior to those of the big packers, and the result is that the products which the independent does ship are not as well cared for in transit as those of the big packers, and more frequently they have deteriorated when they arrive at their destination. Again, the cars of the independents on the average do not move nearly so many miles per day as those of the Big Five.

CAR ROUTES.—Kansas, Missouri, Kentucky, and Iowa are the States in which the Big Five have the largest number of towns covered by car routes. All the States where car routes are operated and the number of towns covered by this system by each of the Big Five in each State are shown in the table following.

Car routes of the Big Five—Number of towns covered, by States, 1918.

States.	Number of towns.					
	Swift interests.	Armour interests.	Morris interests.	Wilson & Co. (Inc.).	Cudahy Packing Co.	Total Big Five.[1]
Alabama	49	....	97	12	108	266
Arizona	9	....	30	....	2	41
Arkansas	163	123	418	78	174	956
California	1	....	1	....	....	2
Colorado	240	23	54	....	38	361
Florida	....	....	4	....	....	4
Georgia	163	....	32	21	42	258
Illinois	1,392	64	261	159	12	1,888
Idaho	5	....	....	....	51	56
Indiana	1,109	116	34	41	....	1,300
Iowa	728	228	307	381	612	2,256
Kansas	1,489	873	406	101	453	3,322
Kentucky	2,564	7	90	112	....	2,773
Louisiana	11	....	1	49	28	89
Michigan	436	268	24	96	19	843
Minnesota	1,048	7	....	74	120	1,249
Mississippi	160	....	142	103	380	785
Missouri	1,580	803	270	117	180	2,950
Montana	262	....	83	....	198	543
Nebraska	122	541	347	....	575	1,585
Nevada	....	....	....	....	16	16
New Mexico	73	22	44	....	57	196
New York	....	....	3	....	....	3
North Carolina	....	....	181	29	2	212
North Dakota	474	....	1	....	51	526
Ohio	549	82	52	44	....	727
Oklahoma	478	148	532	362	401	1,921
Pennsylvania	8	....	14	2	....	24
South Carolina	....	....	107	....	32	139
South Dakota	221	168	53	1	239	682
Tennessee	716	....	106	45	46	913
Texas	534	91	200	11	122	958
Utah	4	....	....	....	66	70
Virginia	35	....	6	....	....	41
West Virginia	254	....	32	....	....	286
Wisconsin	1,292	8	42	65	63	1,470
Wyoming	97	108	45	....	111	361

[1] Includes many duplications because frequently the car-route lists show the same town covered by more than one company.

This table does not include the truck towns in the Armour distributing system, nor does it include all the regular car-route towns shown in Table 27 (Part I, p. 143). The total of Table 27, excluding truck towns, is 37,176, while the total of this table is only 30,072. The former table is derived from totals recorded on the books of the companies, supplemented by an estimate of an officer of one of the companies for a few of that company's routes. The table here is derived from a count of lists of towns submitted to the Commission by the companies.

Examination of this table shows that the car routes are most used as a distributing method in the great live stock producing and feeding region of the prairie States from Oklahoma northward. This is a region where a large population lives in the smaller towns and where this population would naturally be provided with meat by local slaughtering or by the independent interstate slaughterers, many of whom are located in these States. By the "peddler car" this territory is readily reached from the Big Five plants at the great packing

centers, and an effective competitive check is placed on the development, both of local slaughtering and of the larger independents. Not resting with their control in the cities, the packers by their car routes are pushing their business into small towns throughout this territory

Thus, grouping these northern Mississippi Valley States, we have the following total of Big Five car-route towns, which includes many cases where more than one of the Big Five cover the same town.

Big Five car-route towns:	Number.
Oklahoma	1,921
Kansas	3,322
Missouri	2,950
Illinois	1,888
Iowa	2,256
Nebraska	1,585
South Dakota	682
North Dakota	526
Minnesota	1,249
Total, 9 States	16,379

If to this region one adds the adjoining territory where the independents of Chicago, Milwaukee, Detroit, Cleveland, Indianapolis, Cincinnati, Louisville, and St. Louis, would find their most accessible markets, it is found that these, too, are nearly as well covered by Big Five car routes, as follows:

Big Five car-route towns:	Number.
Wisconsin	1,470
Michigan	843
Ohio	727
Indiana	1,300
Kentucky	2,773
Tennessee	913
Arkansas	956
Total, 7 States	8,982

In this territory of chief production and slaughter and its adjacent marketing area are located, including duplications, 25,361 Big Five car-route towns, or five-sixths of the total shown in the car-route table on p. 124. The peddler car thus serves a double purpose of reaching an extensive market not otherwise open to the Big Five, and of checking in this market the development of local slaughtering and of advantageous sales by the near-by independent interstate slaughterers.

The plan of Swift & Co. to extend widely its car-route business is incidentally shown by its letter of May 13, 1918, to the Commission in connection with the report required of the company regarding the location of towns reached by its car routes.

SWIFT & COMPANY, UNION STOCK YARDS, CHICAGO,
May 13, 1918.

FEDERAL TRADE COMMISSION,
Washington, D. C.

GENTLEMEN: In reply to your letter of the 8th:

We enclose lists of towns covered by our car routes operating from the following plants:

Swift & Company, Chicago, Ill.; Kansas City, Kans.; Omaha, Nebr.; East St. Louis, Ill.; South St. Joseph, Mo.; South St. Paul, Minn.; Fort Worth, Tex.; Cleveland, Ohio; Denver, Colo.; Moultrie, Ga.

G. H. Hammond Company, Chicago, Ill.

Plankington Packing Co., Milwaukee, Wis.

You state that it is necessary to furnish only railroad points, excluding outlying towns. Our lists may contain towns that are not on railroads. Our branch houses in various cities are responsible for canvassing the adjacent country territory and it may be that some of these houses are serving such country territory by means of car routes instead of by local freight and express shipments.

We have written our branch houses to find out to what extent they are doing this and will send you a supplementary list.

In case you find any towns on the map that are not covered by our lists we wish you would write us, as we believe we are covering all of the territory in all parts of the country, and the lists are so voluminous that we may inadvertently have failed to furnish you some of the information.

Yours respectfully,

SWIFT & COMPANY.
Per JMC

JMC-C

AUTOTRUCK ROUTES.—The number of Armour's autotruck towns is given in the following table, being shown separately, by States, and by the grand divisions of the country. In each of the States of Texas, Pennsylvania, New York, and Virginia over 1,000 towns are reached by Armour's trucks. In the South Central States are located 24.8 per cent of Armour's truck towns, and in the North Central States 22.8 per cent.

Autotruck towns of Armour & Co.—Number reached, by States, 1917.

Territory.	Number.	Per cent.	Territory.	Number.	Per cent.
North Atlantic Division	4,037	19.4	South Atlantic Division—Con.		
			South Carolina	198	
Maine	421		Georgia	700	
New Hampshire	259		Florida	402	
Vermont					
Massachusetts	363		North Central Division	4,746	22.8
Rhode Island	94				
Connecticut	200		Ohio	472	
New York	1,138		Indiana	167	
New Jersey	271		Illinois	847	
Pennsylvania	1,291		Michigan	236	
			Wisconsin	595	
South Atlantic Division	3,634	17.4	Minnesota	842	
			Iowa	551	
Delaware	79		Missouri	[illegible]	
Maryland	136		North Dakota	579	
District of Columbia	11		South Dakota	338	
Virginia	1,036		Nebraska	57	
West Virginia	747		Kansas	1	
North Carolina	325				

Autotruck towns of Armour & Co.—Number reached, by States, 1917—Continued.

Territory.	Number.	Per cent.
South Central Division	5,174	24.8
Kentucky	712	....
Tennessee	559	....
Alabama	645	....
Mississippi	508	....
Louisiana	554	....
Arkansas	383	....
Oklahoma	222	....
Texas	1,591	....
Western Division	3,245	15.6
Montana	376	....
Western Division—Contd.		
Idaho	....	....
Wyoming	....	....
Colorado	417	....
New Mexico	45	....
Arizona	91	....
Utah	177	....
Nevada	....	....
Washington	981	....
Oregon	340	....
California	818	....
Grand total	20,836	100

BRANCH HOUSES.—A branch house is a storage station built to receive dressed and other meats from the slaughtering plant and equipped with its own sales organization. By means of their own refrigerator cars, the big packers transport their highly perishable goods from their slaughtering plants directly to their many branch houses in the larger cities and towns; from these points their salesmen also go out to the surrounding towns and villages to take orders from the retailers for these products.

It has already been seen to what extent the Big Five car-route system is developed, and while it covers the small-town territory so far selected for its use, the branch-house system still more adequately covers the cities and large towns. The branch houses are especially numerous in the East, where the larger part of the population is concentrated in urban communities. This is shown in the following table of number of branch houses of the Big Five and of all other interstate slaughterers, by States:

Number of branch houses of Big Five and all other interstate slaughterers, by States, 1916–1917.[1]

Territory.	Big Five.		All other.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
North Atlantic Division	504	45.0	28	20.1	532	42.3
Maine	26	....	....	....	26	....
New Hampshire	17	....	....	....	17	....
Vermont	11	....	....	....	11	....
Massachusetts	104	....	2	....	106	....
Rhode Island	14	....	....	....	14	....
Connecticut	33	....	2	....	35	....
New York	148	....	17	....	165	....
New Jersey	48	....	1	....	49	....
Pennsylvania	103	....	6	....	109	....
South Atlantic Division	135	12.0	14	10.1	149	11.[illegible]
Delaware	3	....	....	....	3	....
Maryland	8	....	7	....	15	....
District of Columbia	6	....	1	....	7	....
Virginia	29	....	2	....	31	....
West Virginia	16	....	....	....	16	....
North Carolina	15	....	....	....	15	....
South Carolina	13	....	....	....	13	....
Georgia	30	....	2	....	32	....
Florida	15	....	2	....	17	....

[1] Last fiscal year of corporation preceding date of schedule return (October 5, 1917).

Number of branch houses of Big Five and all other interstate slaughterers, by States, 1916–1917—Continued.

Territory.	Big Five.		All other.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
North Central Division	245	21.9	32	23.0	277	22.0
Ohio	25		5		30	
Indiana	9				9	
Illinois	81		6		87	
Michigan	29		6		35	
Wisconsin	16				16	
Minnesota	20		11		31	
Iowa	17		2		19	
Missouri	21				21	
North Dakota	5		1		6	
South Dakota	4		1		5	
Nebraska	12				12	
Kansas	6				6	
South Central Division	154	13.8	17	12.2	171	13.6
Kentucky	4		2		6	
Tennessee	16		4		20	
Alabama	20		3		23	
Mississippi	18				18	
Louisiana	21		1		22	
Arkansas	15				15	
Oklahoma	8		1		9	
Texas	52		6		58	
Western Division	82	7.3	48	34.6	130	10.3
Montana	10				10	
Idaho	7				7	
Wyoming						
Colorado	11		3		14	
New Mexico	2				2	
Arizona	3		5		8	
Utah	3		1		4	
Nevada	2				2	
Washington	11		32		43	
Oregon	10		3		13	
California	23		4		27	
Total	1,120	100.0	139	100.0	1,259	100.0

The Big Five maintain 45 per cent of their branch houses in the North Atlantic Division—the States from Pennsylvania eastward and northward. In the North Central States are located 21.9 per cent of their total, while but 12 per cent of the Big Five branches are in the South Atlantic Division and but 13.8 per cent in the South Central. The Western Division, from the Mountain States to the Pacific coast, has only 7.3 per cent of their total. In general it will be observed, on comparing this table with the table on p. 124, that the branch houses of the Big Five are less numerous in those States where their car-route towns are most in evidence.

In the populous Northeast, where 45 per cent of the Big Five branch houses are located, the independents make a much poorer showing. Only 20.1 per cent of the independent branch houses are in that territory. On the other hand, whereas the large packers have only 7.3 per cent of their branch houses in the Far West, the independents have 34.6 per cent of their houses there. Thus the

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ndent branch houses tend to be near their home plant, or in ely sparsely populated territory, while the big-packer branch are distant in the main from the principal plants and in the of densest population.

geographical location of branch houses is shown by the map te this page. The map emphasizes the small percentage of in- lent branch houses throughout the United States, especially in st. In many States there are no independent branch houses, n some New England and Southern States.

D STORAGE.—There was returned to the Commission, informa- iowing the existence of 424,968,313 cubic feet of cold-storage in the United States in August, 1918. Through direct and :t ownership the big packers controlled 190,291,851 cubic this cold-storage space—or 44.8 per cent of the total. They ave a considerable amount of cold-storage space, not included above figures, which is largely used for chilling meat in con- n with their packing business. Also a considerable percentage cold-storage capacity of the big packers' branch houses is not ed in the above figure, but the larger part of such storage is ed. The big packers' cold storage, which is given in the above , includes, so far as could be ascertained, all that they use for ; and holding their finished meat and other products till they d.

e of this storage is located at or near their packing plants, large part of it is distributed over the country as a part of connection with their branch houses. Most of the branch have large cold-storage plants for taking care of the goods they receive, and many of them have surplus space to lease or others. In addition to the cold storage at or near their packing and in connection with their branch houses, the big packers many cold-storage plants in the large cities, principally the ı seaboard cities, which they use for long-time storage and for ; for export.

r the large control of cold-storage space by the big packers the business of competitive non-meat food dealers, is dis- in Part IV of this report.

he 55.2 per cent of cold-storage space not owned by the big 's, the independent meat packers control only a small per Most of them have cooling rooms at their packing plants, refrigeration facilities are not counted as cold storage because re used largely for chilling meats, but they may occasionally d for storing products. The few independent meat packers ave branch houses generally have cold-storage facilities in tion with those branch houses. However, the great majority

of the independent packers who ship their products have to lease or let storage space, either from the big packers or from commercial storage firms. Such arrangements are often made through brokers.

The independent packer who sells only locally needs little or no cold-storage space other than his cooling rooms, except in the heavy killing seasons when he accumulates surplus products. Generally he is able to satisfactorily arrange through brokers for such storage from the commercial storage firms.

In peace times, apparently, the securing of cold-storage space is not a serious problem with the independent packers. A few of the independents who shipped to the eastern cities during the war had some difficulties in securing refrigerated storage space, but at that time the big packers themselves had the same difficulties. But ordinarily in the large cities there is available to the independent packer sufficient cold-storage facilities to accommodate his current needs, though often this storage is not conveniently located for the needs of his business. In many of the small cities and towns cold-storage facilities are not available to the independent packer, so he must, if he does business in those towns, sell directly from the cars, whereas the big packers in such cities have their branch houses with cold-storage equipment.

The independent packer's problem, in reference to cold storage, is that of getting storage at the towns where he desires it, and at locations in the towns where he can come in direct contact with the trade. Fresh meats need to be stored in a storage-market place where prospective customers can inspect the products. The big packers' branch houses furnish "storage-market" places; to the independent packers there are few such combined storage-market facilities available.

HOME MARKET.—The small packer who sells locally enjoys some advantages over the big packer who competes with him, as the former can make an effectual appeal to the trade to patronize a "home industry"; he comes more into personal contact with his trade, and he works up a local reputation for his products. In practically any city or town where there is a local packing house local pork loins bring from three-quarters to a cent and more per pound than do those of the big packer, which are shipped in refrigerator cars. The local loins have the reputation of being fresher and devoid of any slimy appearance which, it is claimed, the branch-house loins often have on account of age.

These advantages, however, are not comparable in results with those of the big packers, already indicated.

Section 5.—Restricting the market of competitors.

As the power of the Big Five grows, the independent packers find *the market* for their meats and by-products more restricted.

In order to develop a wider market for its products, the packing plant must have branch-house facilities so that it can furnish to the community regularly a variety of standard products. It has already been noted (see p. 123) that the independents can not secure as adequate service in or as high a type of refrigerator cars as the big packers can. Hence, their expansion by means of branch houses is very greatly limited. It follows that in order to do a business that is more than purely local, they must sell what they can through meat brokers, commission houses, or directly to the big packers. Formerly the meat brokers and the commission houses were no inconsiderable factor in the market, but they have been largely absorbed by the big packers or have gone out of business, so that the principal remaining outlet for the small independent, aside from his local trade, is the big packer, and in utilizing this outlet he largely delivers himself over to the influence of the big packer upon whom he depends for a substantial part of his business, and ceases to be a competitor of moment.

HOTEL SUPPLY COMPANIES.—The hotel supply companies which sell meats to hotels and restaurants in the large cities constitute in themselves no inconsiderable field of distribution for the packers who sell to them. The big packers have not been insensible to their lucrative trade and have entered actively into the field by establishing or taking over some of the important hotel supply companies. Some of the hotel supply companies controlled by the big packers are as follows:

Swift & Co.
- Atlanta Supply Co., Atlanta, Ga.
- Metropolitan Hotel Supply Co., New York, N. Y.
- Omaha Hotel Supply Co., Los Angeles, Cal.

Armour & Co.
- Atlantic Hotel Supply Co., New York, N. Y.
- Columbia Hotel Supply Co., Washington, D. C.
- Keystone Hotel Supply Co., Philadelphia, Pa.
- Smith, Richardson & Conroy, Jacksonville, Fla.

Morris & Co.
- National Hotel Supply Co., Chicago, Ill.

Wilson & Co., Inc.
- Gotham Hotel Supply Co. (Inc.), New York, N. Y.

The independent packing plants have not been able to reach out into this field of ownership.

USE OF LOCAL INFLUENCE.—Attention has been called (Chap. I) to the millions of dollars that have been paid to the big packers in bonuses by stockyards companies as the result of various schemes of manipulation, all of which restrict or even close the field to the small competitor who has not the position in the industry to influence corporations and communities in his favor.

This condition is illustrated in the following correspondence:

Copy.
(From Mr. Louis F. Swift)
Copies EFS CHS GFS Jr.

SWIFT & COMPANY
(WEST JACKSON STATION).

JACKSON, MISS., *Oct. 24, 1917.*

Mr. L. F. SWIFT,
Swift & Company, Chicago, Ill.

DEAR SIR: At a special session of the State legislature just closed there was passed a law authorizing the issue of $250,000 in bonds for the purpose of securing a packing plant for the State of Mississippi.

This plant will be located at Jackson and a committee of three, of which Mr. Oscar Newton, Pres. of the Jackson State Nat'l Bank, is chairman, has been appointed to handle the matter.

Understand that they have several propositions from packers under consideration at present, but will not give out names or conditions and as thought this might be of interest to you, hence this letter.

By addressing Mr. Newton you could get any information you would desire.

Yours very truly,

[Signed] H. N. DUNNING.

Copy L. F. S.
E. F. S.
G. F. S., jr.

(From Chas. H. Swift's office.)

ST. LOUIS, *November 9, 1917.*

Mr. CHARLES H. SWIFT,
Chicago, Ill.
Jackson, Miss.

DEAR SIR: As requested in your letter of November 6, the writer visited Jackson, Miss., and investigated the appropriation voted by the Mississippi State Legislature, and report as follows:

At an extra session of the State legislature, Heinz County was authorized to float bonds to the amount of $250,000 to secure an industry which could show benefit to the community.

Wilson & Company are behind this and working in conjunction with the leading citizens of Jackson, Miss., and Heinz County. The agreement between Wilson & Company and the citizens is as follows:

Wilson & Company are to erect a plant with a minimum capacity of 2,000 cattle, 2,000 sheep, and 5,000 hogs per week; to build and operate a public stockyards; to dismantle their Natchez plant.

The citizens are to give them a bonus of $250,000 in cash, donate fifty acres of land as a site, give the company sewer rights through the city sewers, and secure for the company a right of way for a belt railroad, the cost of the right of way to be borne by the company. Wilson & Company estimated cost of the plant and yards $650,000 and to employ 600 people.

There is nothing in the agreement to bind Wilson & Co. to pay $650,000 for the plant and yards, nor to employ 600 men, but this is the impression the local people have of what they will do. Wilson & Company are, however, bound to erect a plant with a minimum capacity of 2,000 cattle, 2,000 sheep, and 5,000 hogs, and should they not

operate for one year the $250,000 bonus is to revert back to the citizens. They could, however, keep faith with this agreement by operating one day of each year.

F. A. HUNTER.

In this case a small packer could not have secured the encouragement that this large concern received, and under normal competitive conditions it would have taken it years to arrive at the point where it could do what the large packer could with the help of the community. Apparently the whole matter as to who was to receive the above-mentioned bonus was prearranged and of course a small concern had no chance of securing the prize.

BONUSES.—The bonuses which the members of the Big Five receive from communities and stockyards companies (see Chap. I) give them not only control over the live-stock market, but also great advantages in the field of distribution. For thus actually to be established by money and property contributed to them, they are, of course, saved just that much investment and are thereby enabled so to undersell their independent competitors as to place them at a considerable disadvantage if they do not actually put them out of business. The correspondence, quoted below, shows that in an open field an independent concern can succeed as well as a member of the combination. The Ogden Packing Co., the independent concerned, is one of the largest independents in the West. The first letter, from the files of the Cudahy Packing Co., reads as follows:

SALT LAKE CITY, UTAH, *Nov. 26, 1915.*

MR. JNO. S. BERESFORD.

THE CUDAHY PACKING CO.,

San Francisco, California.

GENTLEMEN: This will acknowledge receipt of your letter of the 23d.

The Ogden Packing & Provision Co. are extremely active in Utah and Idaho. They have spread out and their sales force now covers every portion of Utah, Idaho, and southwestern Montana, Nevada, and southwestern Wyoming territory. These people for the past few years have been making headway and at the present time, I understand, are running their plant practically full capacity. During the year 1914 they enlarged their plant, increasing capacity of old plant approximately 200 per cent. I am not in position at this writing to give exact number of hogs they are killing daily but six or eight months ago they were running ten to fifteen hundred head per week.

I understand they are selling quite a little stuff in Los Angeles and San Francisco and have recently been advised by Mr. Scott, of Los Angeles plant, something of what they are doing in that market.

They have in the past year opened a branch in Butte and have been quite active in that market on fresh as well as cured meats.

In regard to general conditions in this section with reference to the production of hogs, there has been a tremendous increase in the last five years. When you were in Salt Lake, or rather the last year you had charge of the Salt Lake branch, 1911, I secured from the OSL a record of the number of cars live hogs shipped through the yards at Salt Lake, which was 620. During the year 1914 the Salt Lake Yards cleared for points outside of the State and within the State 2,762 cars hogs. So you see the industry has grown immensely in the last five years.

We are meeting with some very severe competition in this section from Ogden Packing & Provision Co., also Nuckols Packing Co., of Pueblo, who have recently opened a branch house in Salt Lake and are selling products from 1 to 1½c. under our price. The Ogden Packing & Provision Co. have always been low on this market. Their product sells from 1½c. to 2c. under ours and has ever since the writer had anything to do with this market. We have to a certain extent in years gone by ignored them, but they are getting stronger every year and are eating into us gradually. We can feel it more and more as years advance, but it is absolutely impossible for us to attempt to meet this competition, as in the event of our reducing price they would go just a little lower for the purpose of moving their output. Therefore, figure the best thing we can do is sell our goods on basis of cost, adding profit, and do the best we can.

Personally believe you will have the Ogden Packing and Provision Co. to figure with from this time on regularly and they will constitute an important factor in San Francisco and Los Angeles.

Yours truly,

FSH
(Hatch).[1]

Within a year after this letter was written, the citizens of Salt Lake City gave the Cudahy Packing Co. a substantial interest in the stockyards at that place, presented it with a plant which was already established there, and in addition gave it a cash bonus. Such advantages thus placed in the hands of the big packer immediately reacted upon the smaller competitor, as is shown in the following letter:

OGDEN PACKING AND PROVISION CO.,
Ogden, Utah, January 8, 1918.

Mr. F. J. HENEY,
Special Investigator, Federal Trade Commission, St. Paul, Minn.

DEAR SIR: We note by the newspaper despatches that you are continuing your investigation in St. Paul as to the meat packers combine in that city.

To the best of our recollection, when one of the big packers wanted to enter the St. Paul field several years ago, they asked for a bonus which was given to them amounting to several hundred thousand dollars, probably in the shape of a site as well as a cash donation. Such bonuses give the big packers an upper hand over the smaller packers, and in our opinion legislation should be enacted making such transactions illegal.

About two years ago, the Cudahy Packing Co. approached us wanting to buy our plant. We believe that, to a great extent, this was for the reason that we had entered the Los Angeles market, and that our prices were there interfering with the profits which their plant in Los Angeles previously had been making. The price which we were asking for our plant was, however, not satisfactory to them and nothing came out of the deal.

We were at the same time endeavoring to put our Los Angeles business on a more permanent basis, by having a building built there and this we believe was the motive for them finally determining entering this field. It was reported to us by certain Los Angeles parties that somebody of the Cudahy Company had made the remark that they would keep us from growing. At any rate, they sent some of their head men from Chicago out this way, going to Pocatello, Idaho, and to Ogden and Salt Lake City, endeavoring to interest the commercial organizations to make donations to them for the purpose of establishing a plant in either one of these cities, attempting to have the one city outbid the others. Salt Lake City offered them, free of charge,

[1] Confidential field agent for the Cudahy Packing Co.

a plant which had been standing idle for some time and which had originally cost more than two hundred thousand dollars to build, and in addition to that, gave them $25,000 in cash and one-fourth interest in the stockyards. They slightly remodeled the plant and started business there about a year ago.

Since that time they have been carrying on a cutthroat business, making such prices in selling their products that no one has been able to compete with them.

You can therefore see how such bonuses work in favor of the big packers. As far as they can they will endeavor to put their competitors out of business, and when they have put their competitors out of business make the consumers pay the cost of doing this.

It is of course apparent that the packers are able to undersell their competitors because of such bonuses, as they have no returns to make on their investment, while the smaller packer pays for everything he invests in his plant, and that unless he can make a profit on such an investment it is not a paying proposition. Undoubtedly after the big packers who accept such bonuses have accomplished their work of putting their competitors out of business, and again have smooth sailing and have made the public pay the cost of same, the bonuses finally find their way into the coffers of the stockholders of the big packers, by them raising the value of their plant, or declaring a dividend or letting it go to surplus. After which time, the public must pay dividends even on what was given them as bonus.

The practice is entirely wrong, and if anything could be accomplished through your investigation towards stopping same, it would be of great benefit to the smaller packers and make competition with the big packers much more feasible. It is their method of getting something for nothing and use same to manipulate to the detriment of the small packers, which means to the detriment of the public.

Respectfully yours,

OGDEN PACKING & PROVISION CO.
S. S. JENSEN, *Secretary.*

FREIGHT RATES.—Apparently the selling market of the small packer is sometimes greatly restricted by freight rates, a problem in the solution of which the big packer has a great advantage. A case is shown below where from the large packing-house center the carload rate and the less than carload rate are the same; but from the small packing-house center the less than carload rate is more, in some cases very much more, than that of the carload rate. The following table indicates this situation with regard to certain southern points:

Comparison of rates on carload lots and less than carload lots from Chicago, Ill., and Ottumwa, Iowa, to certain southern points.

[Per 100 pounds.]

Points of origin and destination.	Carload lots.	Less than carload lots.	Excess of less than carload lots over carload lots.
	Cents.	*Cents.*	*Cents.*
Chicago to Nashville	30	30	
Ottumwa to Nashville	34	40	6
Chicago to Birmingham	46	46	
Ottumwa to Birmingham	50	56	6
Chicago to Atlanta	48	48	
Ottumwa to Atlanta	52	58	6
Chicago to Charleston	47	47	
Ottumwa to Charleston	54	60	6

Comparison of rates on carload lots and less than carload lots from Chicago, Ill., and Ottumwa, Iowa, to certain southern points—Continued.

Points of origin and destination.	Carload lots.	Less than carload lots.	Excess of less than carload lots over carload lots.
	Cents.	*Cents.*	*Cents.*
Chicago to Augusta, Ga.	50	50	
Ottumwa to Augusta, Ga.	54	60	6
Chicago to Jellico, Tenn.	44	44	
Ottumwa to Jellico, Tenn.	49.6	88.6	39
Chicago to Raleigh, N. C.	46	46	
Ottumwa to Raleigh, N. C.	51.6	90.6	39
Chicago to Wilmington, N. C.	39	39	
Ottumwa to Wilmington, N. C.	44.6	83.6	39.0
Chicago to Charlotte, N. C.	48	48	
Ottumwa to Charlotte, N. C.	53.6	92.6	39

The table shows that John Morrell & Co., at Ottumwa, Iowa, for example, can not compete on an equal basis with the Chicago packers in these southern cities, especially if shipping in less than carload lots, as the excess of the less than carload-lot rates ranges from 6 to 39 cents above the carload-lot rates for the Ottumwa shipper, while for the Chicago shipper they are identical. The same situation obtains between St. Louis and these southern points. Moreover, the rates per hundred favor the Chicago packers, as, for example, the rate from Chicago to Memphis (534 miles) is 27 cents, while from Ottumwa to Memphis (579 miles), or 8.4 per cent farther, it is 31 cents, or 14.8 per cent higher. Also, from Chicago to St. Louis (280 miles) the rate is 10.5 cents per hundred, but from Ottumwa to St. Louis (279 miles) it is 14.5 cents. The rate feature alone is one that of necessity, wherever there are such cases as those cited above, restricts the field of operations for the small packer.

Local price cutting.—As has already been explained in Part II of this report, with their highly developed sales organization, the big packers limit the supply of dressed beef at a given point and exchange "margins" on sales in order to keep prices uniform. Their branch-house managers also visit one another's coolers daily and discuss the market. It is contended, by competition that from time to time the big packers have repressed or eliminated an independent competitor, by carrying on a systematic rotation of price-cutting, such as has already been described in Part II, and the Commission has statements from small packers in other parts of the country calling attention to this practice.

Other methods.—The small packers at Denver, Colo., complain that their market has especially suffered from various practices of the big packers from the time that Swift & Co. and Armour & Co. began selling in that region. J. Grim, president of the Silver State Packing Co.,

complained that those two large concerns misrepresented his and their own products. He stated in substance as follows:

Swift was the worst to discredit me. He used to tell my customers that my hogs were "slop hogs" and dangerous to health. He knew that I was buying a great many country hogs that were delivered directly from farmers. But Swift and Armour were handling 90 per cent of these same hogs delivered to the stockyards directly from the farmers, but the big packers sold these as Nebraska corn-fed hogs. What could I do? I was too small to fight them.

Frank Aicher, another small packer at the same place, stated that some years previous the representative of Armour & Co. threatened him and brought about such a condition in the market that he was finally compelled to buy from Armour & Co. or go out of business. To a representative of the Commission he stated in substance as follows:

The class of meat Armour shipped in was too rough for my trade. My partner went to Kansas City and bought dressed meat from Jacob Dold & Son. He bought a good grade of cattle. We enjoyed a good trade while disposing of that grade of beef.

Armour's agent called on me and told me that unless we bought Mr. Armour's meat and quit buying of Jacob Dold, they would not let us do any more business in Denver. Mr. Waters said those were instructions from Mr. Armour. * * * We kept on ordering meat until we had one carload in our refrigerator, one in transit, and one load in Kansas City—about 135 beef carcasses in all. But the weather was pretty warm and our refrigerator capacity very small. It was essential that our beef be moved at the same rate as we were going, but Armour's agent at once started to sell beef at 2 cents a pound below our price which was 2 cents below what he had asked up to that time. This compelled us to sell the rest of this beef we were getting from Kansas City at a loss in order to keep it from spoiling on our hands. Immediately after we had disposed of these three carloads, Mr. Waters called on me and said: "Now if you will buy meat from Armour's, we will furnish you the dressed beef at a price that will allow you one-half cent margin." We had to buy of them or quit. They at once raised their price 2½ cents to the public.

According to this informant, when, about 17 years ago, the big packers began to invade the market at Denver, Swift & Co. became the most aggressive and shipped in cars of beef from the East which they sold for 3 cents a pound when such beef was costing the smaller concerns from 7 to 8 cents slaughtered. In this connection he stated in substance:

Then a few years later, Swift bought out the Western Packing Co., and before he entered the packing business here he sold a lot of meat to the various wholesale dealers here. He contracted with us to sell us 200,000 pounds of hams and bacons at a fixed price. We sold these at a profit of one-half cent a pound. Swift immediately came in after he had made this contract with us, and sold the very same products at from one-half to three-quarters of a cent a pound less than the price we paid. His agents here then told our customers that we were holding them up. I never bought any meat of them after that. Their salesman came in and then I said on account of the way they had used me and had cut the price on the same products they sold me I would not buy any more meat of Swift & Co. The agent then said to me: "By God, we'll make you buy!" Their business has been done in this way ever since with a view to crushing out the little man

SUBSERVIENCE OF INDEPENDENTS.—The powerful position in the industry which the big packers occupy and such practices as the foregoing, by which they have made themselves felt, have inspired the independents with much caution and even fear of running counter to them.

A member of G. F. Pfund & Son, at Philadelphia, said to a representative of the Commission:

> The large packers hold me in the palm of their hand. They can crush me at any time they wish to do so.

The independents seem to realize the impossibility of competing actively with the big packers and under the conditions, the necessity of being content to follow the lead of the Big Five, gleaning what they can of the trade that is left. Louis Wallsmith, a small packer at Denver, expressed this situation to a representative of the commission in substance as follows:

> I can't buck the trusts, so what is the use. The only thing I can do is lay low and buy some of their dressed beef. * * * We small packers figure this way: That while the big packers get the loaf, we get a bite anyway.

Seeing the peril of offering direct competition to the Big Five, many of the larger independents seem to have realized that the best thing they can do is to confine themselves to the market which they have been able to work up and keep clear of the field of the big packers. Such an attitude in a way works to their advantage, for, while they can not afford to attempt to break into the field of the Big Five and seek by active competition to increase the number of their own customers, they can follow the trail of the big packers with regard to prices and can benefit thereby. At the Wichita, Kans., stockyards Jacob Dold & Son actually have a buying agreement with the Cudahy Packing Co. Such concerns as Hammond, Standish & Co. and Parker, Webb & Co., at Detroit, Mich.; Cleveland Provision Co., Cleveland, Ohio; Kingan & Co., Indianapolis, Ind.; Geo. A. Hormel Co., Austin, Minn., do not appear to antagonize the big packers. In striking contrast to these large independents is the Ogden Packing & Provision Co., Ogden, Utah, which has been in active competition with Cudahy in the West (see p. 133) and which has suffered the results of severe price cutting by this member of the Big Five. In the case of the large independents mentioned, the big packers seem willing to let them alone if they are "good."

Section 6.—Concealed ownership of companies.

Table 65, Part I of this report, shows that the Big Five, jointly and individually, own a controlling interest in a number of slaughterhouses and selling companies, the names of which in no way indicate relation with the big packers. The conduct of companies in this way, if the public believes that they are independent, gives the owner or owners an advantage over the actually independent competitor.

A popular feeling against monopoly is supposed to dissuade many from dealing with concerns which are rated as part of a monopolistic system, and in order to meet this situation large concerns in various industries maintain separate organizations which do not indicate the real ownership. In the packing business this is accomplished by two forms of control, either the big-packer concerns themselves, jointly or individually, own the controlling interest in the company whose identity is not generally known, or members of the families of the big packers own the controlling interest.

COMPANY CONTROL.—Some of the packing plants and selling agencies belonging to this group are given below:

PACKING PLANTS.

Controlled jointly (two or more members of Big Five):
- Nevada Packing Co., Reno, Nev.
- Oakland Meat & Packing Co., Oakland, Calif.
- Peerless Packing Co., Chicago, Ill.
- Union Meat Co., North Portland, Oreg.
- Western Meat Co., San Francisco, Calif.

Armour & Co.:
- Armstrong Packing Co., Dallas, Tex.
- Colorado Packing & Provision Co., Denver, Colo.
- Fowler Packing Co., Kansas City, Kans.
- Hammond Packing Co., South St. Joseph, Mo.
- New York Butchers Dressed Meat Co., New York, N. Y.
- Pittsburgh Provision & Packing Co., Pittsburgh, Pa.
- Ruddy Bros., Kansas City, Kans.
- E. H. Stanton Co., Spokane, Wash.
- Wabash Packing Co., Indianapolis, Ind.

Swift & Co.:
- Andalusia Packing Co., Andalusia, Ala.
- Bimbler Co., Newark, N. J.
- G. H. Hammond Co., Chicago, Ill.
- J. J. Harrington & Co. (Inc.), New York, N. Y.
- Omaha Packing Co., Chicago, Ill.
- Plankinton Packing Co., Milwaukee, Wis.
- Sturtevant & Haley Beef & Supply Co., Somerville, Mass.
- United Dressed Beef Co. of New York, New York, N. Y.
- Van Wagenen & Schickhaus, Newark, N. J.
- Western Packing Co., Denver, Colo.

PACKING PLANTS—continued.

Wilson & Co., Inc.:
- Albert Lea Packing Co. (Inc.), Albert Lea, Minn.
- Mississippi Packing Co. (Inc.), Natchez, Miss.
- Morton-Gregson Co., Nebraska City, Nebr.
- Paul O. Reymann Co., Wheeling, W. Va.
- T. M. Sinclair & Co., (Ltd.) Cedar Rapids, Iowa.
- South Dakota Provision Co., Sioux Falls, S. Dak.
- Standard Provision Co., Chicago, Ill.

Morris & Co.:
- Joseph Stern Sons (Inc.), New York, N. Y.
- Crescent City Stockyards and Slaughter House Co., Arabi, La.

Cudahy Packing Co.: Nagle Packing Co., Jersey City, N. J.

SELLING COMPANIES.

Armour & Co.:
- Adams Brothers Co., New York, N. Y.
- Circle E. Provision Co., New York and Chicago.
- German-American Provision Co., Chicago, Ill.
- T. H. Wheeler Co., Boston, Mass.

Swift & Co.:
- Boston Packing & Provision Co., Boston, Mass. (Inactive since 1904.)
- Clinton Market Provision Co., Boston, Mass.
- F. & C. Crittenden Co., Rochester, N. Y. (50 per cent.)

SELLING COMPANIES—continued.

Swift & Co.—Continued.
- Fanuel Supply Co., Boston, Mass.
- Fulton Beef Co., Chicago, Ill.
- Hammond Beef Co., Chicago, Ill.
- H. L. Handy Co., Springfield, Mass.
- N. E. Hollis & Co., Boston, Mass.
- Hotchkiss Beef Co., Port Chester, N. Y.
- George Nye Co., Springfield, Mass. (50 per cent.)
- Louis Schaefer, St. Louis, Mo.
- Underwood Market Co., Chicago, Ill.
- Wallabout Market Packing Co., New York, N. Y.
- Wilson & Rodgers, Philadelphia, Pa.

Morris & Co.:
- Brooklyn Beef & Provision Co., Brooklyn, N. Y.
- Chamberlain & Co. (Inc.), Boston, Mass.
- Condit Beef & Provision Co., East Orange, N. J.
- Corwin Wilde Co., Boston, Mass.

Morris & Co.—Continued.
- Donnelly & Co., (Inc.), Boston, Mass.
- Gold Coin Food Products Co., Chicago, Ill.
- Middletown Beef & Provision Co., Middletown, Conn.

Wilson & Co., Inc.:
- Drexel Packing Co., Chicago, Ill.

Empire Provision & Produce Co., Chicago, Ill. (practically inactive since June 1, 1917.)

Standard Beef Co., Boston, Mass.
- Stiefel O'Mara Co., New York, N. Y.

Cudahy Packing Co.:
- Palace Market, Meat & Provision Co., Los Angeles, Cal.

The conduct of these concerns is generally such that the public does not know that they are controlled by the one or the other of the Big Five. In 1913, for example, Schwarzschild & Sulzberger (Wilson & Co., Inc.) acquired T. M. Sinclair & Co. (Ltd.), Cedar Rapids, Iowa, through the Central Products Corporation, a holding company, taking over both the preferred and common stock. Since T. M. Sinclair & Co. was acquired it has been operated under that name and as if it were independent of any big packer, although the Chicago office is in constant communication by telephone with the Iowa concern and thereby governs the latter's buying and selling prices. The Wilson & Co., Inc., efficiency experts advise it on matters within their scope. Moreover this concern conducts branch houses in Boston and New York, where Wilson & Co., Inc., has branch houses under its own name. T. M. Sinclair & Co. also has branch houses at Des Moines, Iowa; Peoria, Ill., and Portland, Oreg., besides a few small agencies in other cities.

The change of ownership in the Armstrong Packing Co., Dallas, Tex., from an independent to an Armour concern was long unknown to the public. After the purchase of the plant by J. Ogden Armour from J. S. Armstrong in 1906 the business continued to be operated and known as the Armstrong Packing Co. and J. S. Armstrong was still supposed to own it. J. Ogden Armour, acting for Armour & Co.,

personally took over this concern which was incorporated in Texas for $500,000. The Commission secured detailed information concerning the acquisition of the packing company, in substance as follows:

J. Ogden Armour offered J. S. Armstrong $850,000 for the plant, and the offer was accepted. The payments which were made for the company were transacted through an account in the books of Armour & Co., labeled "J. O. Armour Special #2," and through this account the money was paid by Armour & Co. to J. Ogden Armour to pay over to J. S. Armstrong. The whole transaction was a personal one and no tangible evidence of the transfer was made, not even on the county records in Texas. The purchase was made with the understanding that Armour could continue to use Armstrong's name, for which privilege Armstrong was to receive $25,000 per annum and remain as nominal head of the packing company. The real management of the concern was placed in the hands of a manager sent to the plant by Armour. Shortly after the deal was made the $25,000 salary was transferred from Armstrong to E. L. Flippen, his son-in-law, who was in the employ of the company, and after Armstrong's death the figure was cut to $5,000.

The secrecy of the ownership of the Armstrong Packing Co. was so complete that some of the big packers did not know about it as late as 1915, nine years after it had been purchased.

Later, in 1917, the Central Holding Co. of Delaware was organized to take over the stock of the Armstrong Packing Co., 2,000 shares of common stock and 12,000 shares of preferred being issued, the common stock to be issued in the name of Mr. Flippen and the preferred stock to H. L. Stuart, who holds it for R. J. Dunham, employee of Armour & Co., who reports that he acts in this matter as agent for J. Ogden Armour. (See Part I, p. 286.)

The business of this concern, according to the latest information of the Commission, is still advertised and known to the public as the Armstrong Packing Co. It has its own buyers at the Fort Worth stockyards, where Armour & Co. has its own buyers; and Armour & Co. has a branch house in Dallas, where the Armstrong Packing Co. is located.

The intent and purpose of the big packers in the case of secretly controlled companies is revealed in some of the correspondence taken from the files of the various concerns. For example, the following letter from F. L. Washburn, president of the Western Meat Co., San Francisco, Cal., jointly owned by all five of the big packers, to R. M. Chaplin, of the Nevada Packing Co., Reno, Nev., a concern acquired by the Western Meat Co. in 1917, indicates the secrecy

in which the big packers wish to keep their relations with the companies under consideration:

C. C. to Mr. R. M. Chaplin, Reno, Nevada. AUG. 4, 7.

Mr. M. D. GALLAGHER,
Office.

DEAR SIR: Referring to the attached, will you please fix it so that your Sacramento salesmen do not make the remarks attributed to them in the attached? To all intents and purposes we are separate concerns, and I do not see that it helps us any to be saying to the trade that the Western Meat Company controls the Nevada Packing Company.

Yours respectfully,

[Signed] F. L. WASHBURN.

R. M. CHAPLIN: This will answer your letter of the 31st ult.

F. L. W. E. P.

The same spirit of secrecy is again shown in the following intraoffice correspondence taken from the files of Swift & Co. and relating to the former Hurni plant (see p. 74) at Sioux City, Iowa.

CHICAGO, *June 26, 1917.*

Mr. R. D. RYNDER,
Fourth Floor. File A–21395.

The attached correspondence is self-explanatory, being a complaint by the Hurni Packing Company to the State of Iowa Board of Railroad Commissioners on the lack of LCL refrigerator service out of Sioux City.

Recently the Hurni Packing has become the property of Swift & Company, and there is a question as to how we ought to handle this with the Iowa Commission. Without any knowledge of the transaction, of course we could say to the secretary of the Iowa State Commission that inasmuch as we have acquired ownership we think we can make arrangements without bothering them, but, from a policy standpoint, do not know whether or not we want to announce ourselves.

Suggest that you get Mr. McManus' or Mr. Veeder's views on it. I know how to handle the matter in either event.

FHF-JVH.

The matter was referred to Albert H. & Henry Veeder, attorneys for Swift & Co., as follows:

JUNE 27, 1917.

Messrs. ALBERT H. & HENRY VEEDER,
76 West Monroe Street, Chicago, Illinois.

GENTLEMEN: Please note the attached correspondence from Mr. F. H. Frederick with reference to a complaint by the Hurni Packing Company before the Board of Railroad Commissioners of the State of Iowa.

Why would it not meet the question raised in Mr. Frederick's letter merely to have the Hurni Packing Company write to the Board of Railroad Commissioners stating that they do not care to proceed further with their complaint?

Kindly return the attached correspondence with your reply.

Yours respectfully,

R. D. RYNDER.

RDR-ELK.

Copy to F. H. Frederick. File A–21395.

To this letter Henry Veeder replied that it was not advisable to let the Iowa railroad officials know that Swift & Co. owned the Hurni plant. His letter follows:

ALBERT H. & HENRY VEEDER,
Chicago, June 28, 1917.

Mr. R. D. RYNDER,
c/o Swift & Company, Chicago.

DEAR SIR: Replying to your favor of the 27th instant: I herewith return correspondence in reference to complaint by Hurni Packing Company before the Board of Railroad Commissioners in the State of Iowa. I approve your suggestion that the Hurni Packing Company write to the Board of Railroad Commissioners withdrawing their complaint. I do not think it would be advisable to inform the Board that we have recently purchased the Company.

Sincerely yours,

[Signed] HENRY VEEDER.

CHICAGO, *June 29, 1917.*

Mr. F. H. FREDERICK,
First Floor. File A-21395.

The papers which accompanied your letter of June 27 are returned herewith

Please note letter from Mr. Henry Veeder approving suggestion that the Hurni Packing Company write to the Board of Railroad Commissioners withdrawing their complaint, and indicating that he does not think it would be advisable to inform the Board that we have recently purchased the company.

[Signed] R. D. RYNDER.

Law Dept.
RDR-ELK.

Instead, however, of having a letter written by the Hurni Packing Co., which, as it knew, no longer existed, the Chicago office decided to let matters remain as they were. The correspondence follows:

CHICAGO, *July 5, 1917.*

Mr. R. D. RYNDER,
Fourth Floor. File A-21395.

Your letter of June 29.

As I understand it, there is no Hurni Packing Company any more; it is now Swift & Company.

With this fact before you, how do you think we ought to handle?

FHF-JVH.

JULY 11, 1917.

Mr. F. H. FREDERICK,
Transportation Department.

File A-21395.

Referring to your letter of July 5 and your statement that there is no Hurni Packing Company any more but that it is now Swift & Company.

Is it not possible that this is one of the matters that will die a natural death if let alone? In other words, if no further communication is made to the State commission, is it not possible that it will be dropped? If it would work out that way, I should think the best thing to do would be to write no more letters about it.

[Signed] R. D. RYNDER.

Law Department.
RDR-MB.

File A-21395.

JULY 17, 1917.

We will accept Mr. Rynder's recommendation.

The same attitude is shown on the part of Armour & Co. in the following letter with regard to the retail meat markets which belonged to the E. H. Stanton Co. when it was bought by Armour & Co.

OCT. 31, 1917.

MR. J. M. VAN KLEECK,
Care E. H. Stanton Co.,
East Spokane, Wash.

DEAR SIR: Yours of October 15th.

It is still the opinion here that the retail markets should not be sold except for special reasons to be agreed upon, but that they should continue to be operated by the Stanton Company or other outside company and not in the name of Armour & Company.

Yours truly,

RM

This desire for secrecy in establishing branches or buying independent concerns is again illustrated in the fifth paragraph of the following letter from Louis F. Swift to Geo. J. Edwards, of the New York office of Swift & Co., relative to the purchase of the hotel supply business of A. Silz (Inc.), New York City.

OCTOBER 17, 1917.

MR. GEORGE J. EDWARDS,
SWIFT & COMPANY (INC.),
Central Office, New York.

DEAR SIR: Referring to the "S" matter on which Mr. Moon has been working: I think you are aware of what the party said about good will wanting * * * $250,000. This seems unreasonable to us, and if he is willing to waive this, it looks as if we could get together, and I would send you a letter covering our ideas, after which Mr. Moon would probably visit New York.

It does seem to us that there are two sides to this proposition. While, of course, his good will is valuable, isn't our good will just as valuable? It would put him in a position to handle the poultry business to much better advantage—saying nothing about the butter and egg business whenever we agree that he is to take up this branch.

Mr. S. says he wants only one man to look to for orders, and I think that man would be you. You, however, would act under our instructions.

Our plan would be to have the business run along about as it has—no particular announcement—keep it as private as we can—have him not make any particular splurge for the beef business until he bought the adjoining building and had it fitted up under plans approved by us, and even then, he must work into the beef and provision business gradually—without opening any fight on anybody.

You know what our views are in this respect—that we want to *grow* into a volume, but not *jump* into it.

We, of course, would furnish an office man, with the title of "treasurer," as he requests, to handle the finance. If you know of a good candidate, please let us hear from you. He ought to be a pretty handy, shifty kind of a business man that would handle credits as well and, privately, help handle "S."

As regards the Metropolitan, there would be no change for the time being. They will work along gradually, getting on what business they can.

You can let us hear from you by mail or wire.

Yours respectfully,

LOUIS F. SWIFT.

BHS

P. S.—Since writing this letter, I have concluded that the butter and egg business with hotels is a pretty tough proposition, so I don't want to elaborate on this with "S."

L. F. S.

Again the following private wire telegram reiterates the attitude:

[Private wire telegram.]

GEO. J. EDWARDS, SWIFT & COMPANY,
New York City.

Answering your letter October 18th.

Our present idea would be own separately and run separately—later might consolidate.

Believe other party fully concurs in this idea.

LOUIS F. SWIFT.
M

LMC 11.30.

Whether or not this deal was eventually consummated does not appear. The correspondence, however, illustrates the attitude.

FAMILY CONTROL.—To this group belong the following packing plants and selling agencies which are controlled by members of the big-packer families:

PACKING PLANTS.

Swift family:
- Bangor Abattoir, Bangor, Me.
- S. S. Learnard Co., Boston, Mass.
- New England Dressed Meat & Wool Co., Boston, Mass.
- North Packing & Provision Co., Boston, Mass.
- Portland Abattoir, Portland, Me.
- The Sperry & Barnes Co., New Haven, Conn.
- Springfield Provision Co., Chicopee, Mass.
- John P. Squire & Co., Cambridge, Mass.
- White, Pevey & Dexter Co., Worcester, Mass.

Morris family: The Crescent City Stock Yard & Slaughterhouse Co. (Ltd.), Arabi, La.

SELLING AGENCIES.

Swift family:
- Geo. E. Skinner Co., Boston, Mass.
- John P. Squire & Co. (Inc.), Holyoke, Mass., and Providence, R. I.

Section 7.—Absorption of competing packing houses.

It has already been shown in Part I (Table 19) that over a 10-year period the big packers showed a decided increase in the number of animals slaughtered and the independents showed a decrease. This

may be said to be due, in part at least, to the results of the conditions outlined in the foregoing sections, namely, the ownership of refrigerator cars, branch houses, and car routes, and the employment of questionable practices by the big packers, these results being the restriction of the growth of small houses, and in a number of cases their absorption by the big packers.

Among the independent concerns which have been taken over in recent years by the big packers, as indicated, are the following:

Armour & Co.:
- Armstrong Packing Co., Dallas, Tex. (1906).
- Halstead & Co., Jersey City, N. J. (1913).
- Wabash Packing Co., Indianapolis, Ind. (1916).
- E. H. Stanton Co., Spokane, Wash. (1917).

Swift & Co.:
- Bimbler & Co., Newark, N. J. (1913).
- Van Wagenen & Schickhaus Co., Newark, N. J. (1913).
- Moultrie Packing Co., Moultrie, Ga. (1917).
- Andalusia Packing Co., Andalusia, Ala. (1917).
- R. Hurni & Co., Sioux City, Iowa (1917).

Morris & Co.:
- Joseph Stern & Sons (Inc.), New York City (1913).
- Crescent City Stock Yards & Slaughter House Co., Arabi, La. (1917).

Wilson & Co., Inc. (Sulzberger & Sons Co.).
- T. M. Sinclair & Co., Cedar Rapids, Iowa (1913).
- Mississippi Packing Co., Natchez, Miss. (1913).
- Albert Lea Packing Co., Albert Lea, Minn. (1914).
- Joseph Levy, New York City (1917).
- Morton-Gregson Co., Nebraska City, Nebr. (1917).
- Paul O. Reymann Co., Wheeling, W. Va. (1917).

Cudahy Packing Co.:
- Nagle Packing Co., Jersey City, N. J. (1915).

It is of interest to note the manner in which some of the independent packing plants have been acquired.

MORTON-GREGSON CO.—In 1917 Wilson & Co., Inc., took over the plant of the Morton-Gregson Co., an independent hog-slaughtering company of Nebraska City, Nebr. This concern was organized in 1901, with a capital stock of $400,000, but it did not prosper. According to individuals formerly connected with this concern, and who were interviewed by a representative of the Commission, the company's lack of success was due partly to poor management and partly to big-packer practices, this latter showing itself in a system of rotation of price-cutting on the part of the big packers in the territory where Morton-Gregson were operating. One week one packer would cut prices to a point at which the independent company could not profitably sell, the next week another would do the same, and so on. Morton-Gregson sold only pork products, but the other packers of course sold beef cuts too, and informants stated that the big packers would sell to the butcher at the cut price only on condition that

he took a quantity of beef cuts at the same time. Thus the profits on the beef offset the loss on the pork.

The result of the whole situation was that the Morton family, which owned a controlling interest in the stock, negotiated with and sold to Wilson & Co., Inc., the assets of Morton-Gregson Co. in 1917, and organized the Morton-Gregson Co. of Delaware, and as such it is operated to-day.

E. H. STANTON CO.—In May, 1917, Armour & Co. purchased the controlling stock ownership in the E. H. Stanton Co., Spokane, Wash., at that time the second largest independent meat-packing company in the Northwest. It was capitalized at $600,000. In 1916 its gross sales had amounted to $3,700,000, the city of Spokane taking 25 per cent, the rest going to other towns around Spokane.

E. H. Stanton, the principal stockholder in the company, said to a representative of the Commission that for two years prior to the purchase of the concern by Armour & Co. the latter had been selling fresh meats in Spokane on consignment from the Union Meat Co. (the Portland, Oreg., concern owned jointly by Armour, Swift, and Morris) at about 3 cents a pound below what the same goods were bringing in Portland. Such tactics, he said, seemed to be in the nature of a threat, and rather than risk being forced out he decided to sell.

In the spring of 1917 Armour & Co. secured nearly 5,000 of the 6,000 shares of capital stock in the company, 2,420 of which brought about $238 a share and more than 1,000 shares brought $200.

Some of the minority stockholders in the company were unwilling to dispose of their holdings, and Armour & Co. brought pressure to bear upon one of them, as is indicated in the following letter taken from the files of Armour & Co. and relating to F. M. Rothrock, who owned 100 shares in the E. H. Stanton Co.:

AUGUST 25TH, 1917.

MR. J. M. VAN KLEECK,
Care E. H. Stanton Co.,
East Spokane, Wash.

DEAR SIR: Yours of August 21st in regard to the Rothrock stock.

His proposition is quite extraordinary and we, of course, can not accept it. It would be just as reasonable for us to propose that we pay him 150 for his stock, at which price he has it inventoried, so he would not have to pay any income tax on profit.

His profit in this stock exists, and it will come out sooner or later and he will have to pay the income tax on it, and now that there has been a lot of trading in this Stanton stock recently it is likely to become well known to the examiners what the stock is fairly worth, and it is only a question of time when the true value will come out.

Further, I am informed we can accomplish our object in another way, i. e., by changing the by-laws so we can sell the property without the consent of all the stockholders, and this I think we will do if Mr. Rothrock tries to maintain his position, and under this plan he would, of course, have to take his pro rata of the sale price and the effect on him would be exactly the same as if he sold us the stock.

Please also remind Mr. Rothrock that he told me while there that he would do what we wanted him to do, either as to his resignation as a director or sale of his stock at a fair price, and in paying him the highest price we have paid anybody, and higher

than the average, we are of course doing all that is right and paying all that he can fairly expect for his stock, and I think he ought to accept this instead of causing us the trouble of going into the matter in another way.

Further, explain to him that because of the needs of the company for funds, even if the old company is continued they probably would not pay any dividend for years, if ever, as all their earnings, and probably more, will be needed for paying their debts and for improvements, working capital, etc.

Please advise further.

Yours truly,

RM

PACKING HOUSES IN THE SOUTHEAST.—During the past few years the Southern States east of the Mississippi seem to have been the most inviting territory throughout the country for the establishment of new packing houses, but with the exception of the plant built at Jacksonville, Fla., by Armour & Co. none of the Big Five has built in this territory. The ten or more new concerns which have been established throughout the South have been instituted by resident people with local capital.

During the past four or five years the following packing houses have been established in the South:

Andalusia Packing Co., Andalusia, Ala.
Moultrie Packing Co., Moultrie, Ga.
Bulloch Packing Co., Statesboro, Ga.
Chipley Packing Co., Chipley, Ga.
Savannah Abattoir & Packing Co., Savannah, Ga.
Tifton Packing Co., Tifton, Ga.
Macon Packing Co., Macon, Ga.
Mississippi Packing Co., Natchez, Miss.
Orangeburg Packing Co., Orangeburg, S. C.
Carolina Packing Co., Wilmington, N. C.

But the big packers have not been indifferent to the opportunities in this section and in several cases, after the plants have become profitable by developing a local supply of live stock to keep them in continuous operation, one or the other of the big packers has bought them out. Thus in 1913 the Mississippi Packing Co., of Natchez, Miss., was bought by Sulzberger & Sons Co. (now Wilson & Co., Inc.); in 1917, Swift & Co. took over the Andalusia Packing Co. and also the Moultrie Packing Co., and in 1917 Wilson & Co. (New Jersey) entered into a contract to have cattle killed for it by A. D. Davis & Co. (Inc.) at Mobile, Ala.

Some of these concerns are in the position of being dependent upon the big packers for their market, as immediately upon completion the new plant has contracted to dispose of its output to some one of the big packers.

Nearly all of these new plants have been promoted, built, and directly or indirectly managed after completion by one concern, the C. L. Brooks Engineering Co., of Moultrie, Ga. The head of this concern was formerly connected with two of the big packing

companies and when retained as business advisor by some of the new companies, has made arrangements for them to contract with the big packers for the sale of what goods the plants do not dispose of locally. The branch houses of the big packers are so distributed over the country (see map opposite p. 129) that there is little outlet for the small packers through independent consignment houses. As already indicated (see p. 131), the small packers, too, are not able to meet the expense of establishing branch houses of their own and of developing car routes, so that what they do not sell locally, almost inevitably goes to the big packers. The marketing machinery being in the hands of the big packers, under such circumstances these small southern packers are not in a situation to be entirely independent.

New York Butchers Dressed Meat Co.—One of the most notable cases of the acquisition of a competitor by the combination was that of the New York Butchers Dressed Meat Co. This concern was incorporated in 1902 by several hundred retail butchers and wholesale dealers, at first for rendering and later for slaughtering purposes. Anticipating that the big packers would try to secure control of the company, the incorporators provided in the by-laws that no stockholder should sell his stock until the corporation had first been given an opportunity to purchase it. The large blocks of stock, practically 50 per cent, were held by Arthur Bloch, Aaron Buchsbaum, and William Wagner.

From the time the company began business it met sharp competition from the big packers. Just as they advanced prices when it began to buy shop fats and bones for its rendering business, so also they reduced prices of dressed meat in New York when it began to sell meat. Rumors spread among the stockholders that the officers of the company took the best meat for themselves and the small stockholders were given what was left; threats were made to brokers operating on the produce exchange that if they sold tallow for the New York Butchers Dressed Meat Co. they could not sell for the big packers; and in like manner tierce manufacturers were advised that if they sold to this company the packers would not buy from them.

Finally, late in 1906 or early in 1907, Edward Tilden, of Swift & Co., secretly arranged with Frederick Joseph, a former member of Schwarzschild & Sulzberger, that he should try to secure the controlling stock interest in the New York Butchers Dressed Meat Co. Saying that he and his sons were out of employment and that he desired to establish his boys in a business with which they were familiar, Joseph approached Arthur Bloch, president of the company, and proposed to buy a controlling interest in the company. The plan was taken up by Bloch with Aaron Buchsbaum, treasurer,

William Wagner, secretary, and Samuel Bloch, all members of the board of directors and whose total holdings amounted to 4,000 shares.

In order to meet the requirements of the by-laws that no stock should be sold without its first being offered to the corporation, according to the minutes of the board of directors these four men and two other directors, Mayer Meyer and James Weston, held a directors' meeting, April 29, 1907, offered the 4,000 shares to the corporation, and they, as directors, refused to buy them. They were then sold to Joseph, a contract being made with him that the stock was to be placed in escrow and delivered as specified payments were made.

Shortly after the contract became operative Joseph was elected president of the corporation and became the active head of the concern. Certain changes were made almost immediately in the business of the company. The method of purchasing cattle in the West for slaughter was changed and an extensive credit was established with the Drovers National Bank of Chicago, in which Swift and Morris are interested.

After some of the payments on the stock had been made complications arose. Joseph, claiming that the condition of the company had been misrepresented to him, threatened to break the contract, and while a controversy over this was going on, the credit with the Drovers National Bank was suddenly withdrawn, the corporation being left with heavy obligations and facing great difficulty in securing money to meet them. It had never been successful financially, as a large part of the original capital had been spent in erecting and equipping the plant, the working capital from the beginning being borrowed money. As a result of the withdrawal of credit by the Chicago bank, the directors selling their stock to Joseph agreed to accept a reduction in price and disposed of the 4,000 shares for \$365,000, or \$91.25 per share. All the parties concerned in the sale claimed very positively that they did not know that Joseph was operating for Tilden, and Joseph seems to have denied that he was acting in any way in the interest of the packers. Records found in the office of Armour & Co. show that Joseph claimed a commission of \$50,000 for negotiating this purchase for Tilden. What he actually received is not known.

In the same year that it was purchased, the New York Butchers Dressed Meat Co. was turned over to the National Packing Co. and was held until the latter concern was dissolved in 1912, in which year it was taken over by Armour & Co. and still remains a subsidiary of that corporation.

Attempt to control Schwarzschild & Sulzberger Co.—In this connection it may be mentioned that not long before the deal just described an effort was made by similar means to secure control of Schwarzschild & Sulzberger Co. Frederick Joseph was one of the

original partners in this concern and became a large stockholder in it when it was incorporated.

As early as 1904, Edward Tilden, of Swift & Co., made a secret contract with Frederick Joseph and his son, Moses N. Joseph, whereby the latter agreed to try to retain their positions with Schwarzschild & Sulzberger for the ensuing 10 years, and in the event of their failing to do this, Tilden was given an option on their services for the unexpired portion of the 10-year period. Tilden or others connected with Swift & Co. succeeded, prior to 1905, in buying the stock owned by Samuel Weil, a brother-in-law of the elder Sulzberger, this deal being engineered by Joseph, as papers found in the files of Armour & Co. show that Joseph claimed $20,000 commission on the sale. Then between 1905 and 1907, Joseph sold all but a few shares of his holdings in Schwarzschild & Sulzberger to Edward Tilden. Thus the Swift interests acquired a substantial block of stock in what was at that time the largest independent packing house in the United States. But their efforts to secure a majority of the stock failed, for early in 1907 the stockholders, hearing of what Joseph had done, not only refused to elect either him or his son, Moses H. Joseph, to the directorate of the company, but forced them out of the concern entirely.

Tilden then seems to have exercised his option on the services of the Josephs by securing the New York Butchers Dressed Meat Co. through the elder Joseph and installing them in that concern.

In November, 1911, the Josephs and others instituted a suit in the New York courts seeking a writ of mandamus to compel Sulzberger & Sons Co. (formerly Schwarzchild & Sulzberger) to give them access to the books of the company, a demand which was contested by the company, as it held that this inspection of the books was for the purpose of securing information for the benefit of Swift & Co. The court decided with the defendant company, closing its opinion as follows:

> Besides, I can not resist the conviction that the writ is desired to further the interests of the relators in their rival company or for some ulterior purpose to coerce the respondents in behalf of the rival concern in whose interest a large bulk of the holdings of Frederick Joseph in the Swarzschild & Sulzberger Co. was acquired.
>
> The application for either a peremptory or alternative writ of mandamus is denied with costs.

Section 8.—Net weight and short weight.

No little complaint against the big packers has been made by retail dealers on account of their methods in charging for meats sold in packages or cases. In the case of packages, the packers do not charge merely for the net weight of the meat delivered, as is the case with all other food products sold in packages, but charge meat prices for the paper in which the meats are wrapped. Also, the retailers claim that the big packers have delivered meats to them in cases which were

marked a certain weight, but which, upon being weighed, fell short of the designated quantity. Hence, the retailer claims that he pays for meat he does not receive. Some details as to these practices are given below.

Net weight cases.—The pure-food act requires that food sold in a "package" shall be sold at its net weight, and in 1914, when the question was before the Bureau of Chemistry of the Department of Agriculture as to whether meats wrapped in paper should be considered as a "package," the five big packers combatted the proposal. The lawyer fee and expenses in this case were divided among the Big Five. In 1915 the matter was taken up again by the Department of Agriculture, and the same decision was rendered, whereby wrapped meats were not construed as "packages."

The investigation conducted by the Commission showed that in selling meats at gross weight in paper wrappers the packers made very large profits on the paper used in the wrappers. The paper used in wrapping the meat is worth nothing to the butcher, and he throws it away, yet he has to charge his customers for it, and investigation shows that the consumer has to pay from half a cent to 3 cents a pound for something he does not get. It is significant in this connection that the United States Army and Navy officials in contracting for wrapped meats specified that the weights should be net.

Short weights.—How considerably this practice of short weighting may affect the retail price of meats appears from a single example, selected at random from several tests made in the presence of the Commission's agents:

Barrel of pork butts from Armour & Co.

	Weight in pounds.	
	Marked.	Actual.
Gross	287	284
Tare	21	29
Net	266	255

Here were 11 pounds of pork which the retailer is forced to pay for because of the inflexible rule of the big packers that shipments must be accepted at stamped weights under penalty of having credit cut off. The cost of these 11 pounds had to be distributed in some way over the selling price of the remainder and collected from the consumer.

Investigations which were made by the Commission in New York State showed that the big packers do not comply with the provisions of the statutes of that Commonwealth with regard to weights

and measures, while independent packers do. Sections 16 and 17 of this law require that all meat, meat products, and butter shall be offered for sale in containers plainly marked with either the net weight of the commodity or with the gross and tare weights. The principal meat products affected by this law are wrapped hams and bacon, and such as are commonly shipped in boxes, e. g., pork loins, etc. The branch houses of the big packers in New York State handle large quantities of such products, shipped in from the slaughtering plants. The big packers have been accredited with the statement that to comply with this law would cost them nearly a million dollars annually. The Big Five have not complied with the provisions, for, although complying with the requirement to place either the net weight or the gross and tare weights on the container, it has been found that the weight marked thereon is invariably greater than the actual weight of the meat when sold. A considerable number of retail dealers were interviewed by agents of the Commission, and all stated that they had never known a box of pork loins, for example, sold by one of the big packers to hold up to the weight marked on the container. A number of such boxes were weighed in the presence of the agents of the Commission and in every case there was a shortage of weight, the figures running from 2 to 7 pounds per hundred. In most cases the shortage was four or more pounds per hundredweight, an item of no inconsiderable importance when pork loins were selling at about 30 cents a pound.

Nearly all of the retailers interviewed stated that at some time or other they had complained of these shortages in weight, but were always told that the sales were made at the marked weight and they could take the goods or not, as they chose. In some cases, retailers stated that the representatives of the big packer had told them that if they desired to purchase at actual weights, the meat would cost them a cent a pound more than the quoted price. The packers explain this shortage in weight by saying that the meats shrink in transit "on account of evaporation, moisture, and other causes."

Agents of the Commission found the boxed meats shipped in by a Minnesota independent and by a New York State packer in all cases weighed a little above the marked weights. The retailers stated that the boxed products of these concerns would, without exception, weigh up to their markings.

The big packers are thus securing an advantage over their independent competitors by failure to comply with the New York State law, for while on an individual sale the amount paid by the purchaser for the shortage in weight might not amount to a very large figure, the annual aggregate received by the packers for weights

which represent absolutely nothing must be a comparatively very large amount.

The success of the packers in ignoring the weights and measures law of New York may be attributed, in part, to a combination of conditions. The weights and measures law places most of the burden of enforcing the statute upon the local county and city sealers. The State superintendent of weights and measures is allotted but three inspectors. The greater part of their time is taken up with testing devices for measuring and weighing. As these short-weight sales are made by the big packers to retailers, their testimony is required for a successful prosecution, and in this State the retail meat dealers seem almost universally to feel that they are in business at the will of the Big Five and are afraid either to report their violations of the law or to testify against them.

Cases of short-weight selling on the part of the big packers were found by agents of the Commission in other parts of the country.

Section 9.—Control of wholesale prices of meat products.

Two of the factors which generally determine the prices of meats are the price level of certain other foods and the quantity of meat which is offered for sale. There are other factors, such as weather conditions and holidays, which have some influence on the daily prices of meat, but they are minor factors compared with the first two named. Limited by these factors, the packers at all times sell their meats at as high prices as possible. Moreover, they are enabled to a considerable extent to influence both the price level of certain other foods and the quantity of meat which is offered for sale.

If meat prices go comparatively high, people buy less meat and more poultry, eggs, butter, cheese, fish, and the vegetable proteids, such as beans and peanuts, provided these meat substitutes are cheaper. But by gaining control of a considerable proportion of these substitutes the Big Five are able to a great extent to keep the prices in line with meat prices.

In the long run, of course, the quantity of meat which is offered for sale will depend on the number of live stock which are produced in the country and the quantity of meat which is imported. The big packers control the importation of meat from South America, as was shown in the discussion of the international meat pool (Part II, pp. 99-105). The number of live stock which are produced will depend on the prices which are paid for them. The Big Five, being in a monopolistic position in the meat-packing business, can determine in a large measure the live stock prices. They may increase or decrease the spread between the prices they pay for the animals and the prices they receive for the products. By manipulating this spread the big packers may increase or decrease live-stock production in the country

and thereby increase or decrease the quantity of meat which is offered for sale.

In any one comparatively short period of time the big packers are able effectively to regulate the quantity of meat which is offered for sale. If the general prevailing prices are unfavorable to them they may reduce the amount of meat offered by curing, canning, and freezing a larger quantity of their current kill. It is not necessary for them immediately to offer for sale the fresh meat which they have in stock. Fresh meat can be kept in the cooler for 30 days without injury to it and if they desire to keep it longer they may, and do, freeze it. To decrease the supply at any one market they only have to reduce shipments to it. By these methods the big packers are not only enabled to prevent gluts, but they are able to temporarily raise the prices of meats or temporarily prevent the prices from being lowered.

Unfavorable weather conditions and holidays cause temporary decreases in the amounts of meat demanded at particular markets. By decreasing shipments to these particular markets and by holding over part of the supply on hand, price fluctuations due to these temporary conditions may be considerably reduced.

The fluctuation in the prices of fresh meat is not infrequently due to the fact that frozen meat, not being as desirable as fresh, is sold for a few cents under the price of the latter. Hence, when a situation arises in which the big packers would be inclined to freeze and hold a supply, they may let it go at a lower price fresh rather than freeze it. Various estimates of both present and future market conditions, of course, determine whether they will dispose of the meat in the fresh or frozen state.

It was pointed out in Part II of this report that the branch houses of the big packers work together in regulating the supply of meat offered on the different markets each day. If they did not work together in the markets they could not greatly influence the daily prices. The big packers themselves say that prior to the formation of the meat pools prices of fresh meats fluctuated a great deal more violently than at present.

If the packers place prices too high on their meats they are unable to sell the supply on hand, and they must eventually reduce the prices to where the supply will move, or be bought. They endeavor at all times to make the selling prices as high as possible and at the same time have the goods move. Because of the absence of competition and their partial control over the prices of meat substitutes, as well as the quantity of meat which is offered for sale, the prices they get for their meat products do not fluctuate violently. They remain at the maximum level consistent with the necessary movement of the products.

The result of these conditions of control of meat supply and consequent control of prices is that the small packers are placed in the position of living by sufferance. In some cases, by a process of local price-cutting, the big packers have forced them out of business when they became objectionable. The remaining small packers, realizing the situation they are in (see p. 138), have to content themselves with following the lead of the big packers and adjusting their prices to those made by the concerns which dominate the industry.

CHAPTER IV.—COMBINATION AND UNFAIR PRACTICES IN RENDERING BUSINESS.

Section 1.—Introduction.

Rendering is the process of cooking certain parts of slaughtered or dead animals in kettles or tanks and recovering therefrom tallow, grease, and tankage, products which are important materials for use in the manufacture of oleomargarine, lard substitutes, soap and fertilizer. It is the purpose of this chapter to make a study of the trade methods employed by the Chicago packers and others in a number of important centers in the United States in purchasing and collecting the raw materials used in the rendering business and to point out the objectionable methods which have been found. The most important of these objectionable methods have already been declared illegal, either by the courts as to other industries or by the Federal Trade Commission in a decision on complaint made by competitors.

These practices may be divided into two groups. To the first group obviously belong the following:

1. Misrepresentation of competitors by means of false and derogatory statements against them, such as circulating reports that they are financially unsound, will not be able to meet their obligations, and must soon go out of business.

2. Intimidation of competitors, as by threats to spend large sums of money in commercial warfare against them, to institute series of costly lawsuits, etc.

3. Enticement of competitors' employees.

4. Inducing customers to break their contracts with competitors.

5. Espionage on the business of competitors, such as following their representatives and securing the names of their customers.

To the second group of practices belong the following:

1. Division of customers, a form of fixing the channels of trade, the customers in a given field being divided among certain companies by agreement, each company refusing to do business with a customer assigned to another. The competitive market is thus eliminated, prices paid for raw materials can be unreasonably depressed, and the customer has no choice as to the disposition of his goods.

2. Bidding up prices paid for raw materials with the intent to embarrass competitors or force them out of business, such price raising usually being practiced locally, the high prices being paid only in competitive territory, thus demonstrating that the increased price is not offered because of an increase in the value of the material for which it is paid.

3. Bogus independents—that is, two or more separate organizations which purport to be in competition with each other, but one of which is owned by the other, or both of which are owned by the same person or company.

4. Paying bonuses to customers for their trade, a form of price raising whereby a lump sum is given to a competitor's customers or a new concern entering business in order to secure his patronage.

Information concerning such practices as have been enumerated was secured by representatives of the Commission in more than a score of cities throughout the country, from testimony given at hearings of the Commission, and from complaints made by aggrieved concerns to the Commission. The story of the rendering situation, as gathered from these sources, shows that such methods have long been practiced and that the Chicago packing companies, especially Swift & Co., Morris & Co., and Wilson & Co., Inc., and one fertilizer company, the American Agricultural Chemical Co., have been and are the chief interests which use these methods, at some points separately, at others in combination.

Before taking up the details of the investigation, however, it is desirable, in order to have a clear idea of the field in which these objectionable methods of competition are practiced, to give a brief description of the assembling of the raw materials for rendering and of the process of rendering itself.

Section 2.—Assembling of raw materials and process of rendering.

The raw materials used by rendering companies are various waste products of the slaughterhouse, such as pelvic, rib, and blade bones, marrow, ruffle, caul fat, stomach, entrails, and miscellaneous bony material; meat trimmings and bones from butcher shops; and dead animals collected from stockyards and from any other source whatever. This chapter will not deal with the waste products of the slaughterhouse and dead animals secured from stockyards, as the slaughtering establishments usually render their own waste materials, so that they do not enter into the competitive field of the raw materials, and the situation concerning dead animals at the stockyards has been dealt with in another connection. (See p. 61.) Usually the dead animals of cities are disposed of on contract to a local rendering plant, so that these are to an extent eliminated from this study. This chapter, therefore, deals primarily with the methods under which the waste materials of local meat markets are purchased

and collected, and it is chiefly in these two operations that the objectionable trade methods have been found to exist.

The waste materials of the meat markets are usually classified as bones, shop fats, and suet; the bones having most of the meat trimmed away, the shop fats being composed of various small trimmings from the cuts of meat, and the suets being what is known as beef suet, kidney fat, cod fat, etc. These waste materials are collected from the meat markets by the rendering companies directly or by individuals known as collectors, who purchase the material and dispose of it to rendering companies. Sometimes contracts covering several months or a year are made by the renderers or collectors with the meat markets for the waste material, but usually they merely have their list of customers, or "stops," from whom they collect periodically and where free competition exists a butcher who becomes dissatisfied with one renderer or collector can change to another when he desires. The collecting of these materials is done by means of wagons or trucks which periodically visit the markets and haul the waste to the rendering plants. The regularity of these visits is important, especially in the summer, as the bones and fats deteriorate rapidly and may become a nuisance, if not a positive menace to health.

Two kinds of tallow products can be made by the rendering plant, edible and inedible, according to the nature and condition of the raw material used. Hence, when the bones and shop fats have been delivered to the plant, they are carefully sorted, if the concern makes both edible and inedible products, and the fats are sent to the respective tanks to which they belong. On account of the equipment necessary and the strict Government regulations concerning the manufacture of edible tallow, many renderers do not attempt to make it at all, but turn all of their collections into the tank from which inedible tallow is produced.

Briefly stated, the process of rendering for edible tallow consists in cooking the materials, such as certain bones, the ruffle, caul fat, and suets, in a kettle where what is known as "oleo stock" results from the cooking and this, by means of pressing, is made into oleo oil and stearine, the former being the main constituent in oleomargarine and the latter, on account of its high melting point, being used to give firmness to lard substitutes.

In the case of inedible tallow, meat scraps, intestines, bones, and carcasses of dead animals are placed in a specially constructed tank where they are cooked under steam pressure of about 40 pounds for from four to twelve hours. The tallow and grease which rise to the top of the tank are drawn off from the cooked mass, and the solid residue or tankage is removed from the tank, is dried, ground and used for fertilizer. The tank water which remains with the solid residue

when the grease and tallow are drawn off is collected into evaporators and reduced to a thick fluid called "stick," which is either dried or mixed with tankage, and in either case is used as fertilizer.

Section 3.—Boston and other New England territory.

From the accounts of informants given in interviews and under oath at hearings of the Commission it has been shown that for 20 years or more the rendering business in New England has been largely in the hands of Swift & Co. and a number of other rendering companies which have operated and still operate under an agreement, whereby the trade with the retail butchers is divided among them, and the butcher finds it almost impossible to exercise any liberty in disposing of his waste material. From time to time independent concerns have come into the territory and attempted to build up a trade without regard to the agreement among the more powerful renderers, but in the majority of cases the independent has met with such practices on the part of the concerns in combination that either it has been forced out of business, has sold to some one of the other concerns, or has itself become a party to the agreement.

This situation has been brought about and maintained in Boston, chiefly by three powerful interests—Swift & Co., Wilson & Co., Inc. (formerly Sulzberger & Sons Co.), and the American Agricultural Chemical Co. According to the statement of Fred B. Whitcomb, of the Eastern Oil & Rendering Co., in 1917 there were 17 rendering and collecting companies which were parties to an agreement covering Boston and certain other parts of New England territory, the alignment being as follows:

- Swift & Co.:
  - Consolidated Rendering Co.
    - New England Rendering Co.
    - Hinckley Rendering Co.
    - Geo. E. Marsh Co.[1]
    - Whitman & Pratt Rendering Co.
      - Henry James & Son, Inc.
  - M. Fitzpatrick & Sons.
  - S. A. Meagher & Co.[1]
- Wilson & Co., Inc.: John Reardon & Sons Co.
- American Agricultural Chemical Co.:
  - Eastern Oil & Rendering Co.
  - Furbush & Co.
  - Cooperative Slaughtering & Rendering Co.[2]
- American Glue Co.:
  - N. Ward Co.
  - John C. Dow Co.[3]
- James T. Morse.
- Norton & Co.
- W. H. Norris & Son.

Statements made to representatives of the Commission by retail meat men are to the effect that when once they have commenced to sell their refuse material to one of the above concerns, it is practically useless to try to sell to any of the others, as they will not quote prices to them and will not call for the material.

[1] Collects for Swift & Co. interests.

[2] Controlled by E. T. Murphy, employee of American Agricultural Chemical Co., and collects for Eastern Oil & Rendering Co.

[3] Collects hotel grease for American Glue Co.

THE GRIFFIN CLUB.—Ten or 15 years ago regular weekly meetings were held by the Boston renderers at the Quincy House under the name of the "Griffin Club," an organization composed of Swift & Co., N. E. Hollis Beef Co., N. Ward & Co., Furbush & Co., M. Fitzpatrick & Son, S. A. Meagher & Co., John C. Dow, A. Lord, Gunsenheimer & Eagan, and others. This club maintained a fund which was used to prevent other rendering companies from coming into the Boston territory. The meat markets of the city and near-by territory were apportioned among the membership, and the only competition that developed among them was that which occurred when a new meat market started in business. In such cases, members who wanted the business would file a sealed bid with the secretary of the club, stating how much they would pay into the treasury of the organization in order to be given the business of the new market, and the member naming the highest figure would be assigned the privilege of collecting the waste material from the market. Thus, this part of the business of a local butcher would actually be auctioned off by a group of his fellow citizens before he began operations, and under the conditions he had no voice in determining where he would sell his waste material.[1]

THE BOSTON RETAIL PROVISION DEALERS' ASSOCIATION.—At times the retailers have endeavored to free themselves from the situation by doing their own rendering cooperatively, but each time influences seem to have been injected into the negotiations which defeated their efforts and left them where they were before.

In 1904, for example, the Boston Retail Provision Dealers' Association, consisting of 115 retail dealers, negotiated for the purchase of the Hinckley Rendering Co., the plant of which was then standing idle and which was owned by one "Abe" Price, a member of the association. But the effort proved unsuccessful, as the owner was accused of having secretly given Swift & Co. an option on the plant while negotiating with the butchers, and he was expelled from the association. A stock company had been formed, and after his expulsion this individual bought up the shares at double their value and turned the Hinckley Rendering Co. over to Swift & Co.

The association then made arrangements with Schwarzschild & Sulzberger, who had not yet come into the Boston market, whereby they were to ship their waste products to that concern at New York, and this they did for a while; but the arrangement was unsatisfactory, and soon afterwards Schwarzschild & Sulzberger, with these 115 contracts as a nucleus for business, bought the John Reardon Sons Co., a rendering plant in Cambridge, and began to collect waste material in Boston and the surrounding territory, an action which precipitated a sharp fight between Schwarzschild & Sulzberger and Swift & Co., and other concerns in combination with the latter. This com-

[1] Later this form of bidding was changed and an open auction was held at the club.

petition continued for about 16 months, and then, in the spring of 1905, Schwarzschild & Sulzberger and the combination made peace and concluded an agreement whereby there was an apportionment of the tonnages collected and a division of territory, Schwarzschild & Sulzberger relinquishing New Hampshire, Maine, and some Massachusetts towns, and being given additional Boston tonnages as compensation. Hence the retailers who started in by giving their contracts to Schwarzschild & Sulzberger in the hope of eluding the combination and its methods, at the end of less than a year and a half found themselves once more subject to its will.

THE BRAINTREE RENDERING CO.—In the autumn of 1908 A. E. Keeler, a Boston retail meat man, established a collecting route in Boston, the material which he gathered being sold to the Braintree Rendering Co., a small independent in Braintree, Mass. Keeler offered the butchers the same prices which the Braintree Rendering Co. was paying in Nantasket, some distance away, these prices being higher than those paid by the Boston renderers. He secured 31 contracts the first day, but the next day found that an active competition had set in. The other renderers were circulating cards among the meat men announcing that prices of fats had been advanced and that the new price would be paid to regular customers for the whole preceding part of the month, a retroactive feature which caused some of Keeler's customers to break their contract with him. Bonuses were also paid to them by the opposing renderers in order to take them away from Keeler. Keeler testified that one customer was offered as much as $400 to leave him. Inroads were also made by Swift & Co. into the business of the Braintree Rendering Co. outside of Boston, and the latter finding it could not keep up the fight, finally sold out to the Consolidated Rendering Co., subsidiary of Swift & Co., while Schwarzschild & Sulzberger made Keeler an offer for his collecting route, promising him, Keeler testified, $50 a week for an indefinite period. This was accepted, and Keeler remained on the Schwarzschild & Sulzberger pay roll for more than five years.[1] His work nominally was that of keeping his old customers in line, but these were gradually passed over to the other Schwarzschild & Sulzberger collectors, and Keeler was dropped from the pay roll.

EASTERN OIL & RENDERING CO.—In 1909 a new competitor entered the Boston territory. This was the Eastern Oil & Rendering Co., Portsmouth, N. H., of which Hugh J. Robertson was and still is president. This company had no plant at Boston, but from the first collected there. The combination fought the new independent with vigor, raised prices and paid bonuses, until the Eastern Oil &

[1] The Commission received the information during the investigation to the effect that a number of men have been, and at that time were, maintained on the Swift interests' pay roll, and are commonly known as the "hush crowd."

Rendering Co. appealed to the Department of Justice, and in 1910 and 1912 indictments were brought under the Sherman Act against a number of individuals connected with the Consolidated Rendering Co.—Horatio W. Heath, general manager; Edward A. Tilden, vice president; Edward F. Swift, president; and George N. Swift, one of the directors and a principal stockholder. The indictment against the individuals, however, was finally dismissed by an order of the United States Attorney General, but a fine of $3,000 was entered against the Consolidated Rendering Co.

About the time the indictment was dismissed the Eastern Oil & Rendering Co. entered into a peace compact with the combination and became a part of it. Six months later it was bought by the American Agricultural Chemical Co. Testifying at a hearing of the commission in Boston, December 28, 1917, Fred B. Whitcomb, manager for the Eastern Oil & Rendering Co., stated that a meeting of nearly all the rendering concerns in and around Boston was held in Boston in the winter of 1911–12 (before the indictment was dismissed) and an agreement was made to cease competing, each concern retaining the customers it had at the time and all agreeing not to attempt to take away one another's customers. He testified that this agreement was still in force at the time of the hearing. The same witness testified that from time to time a breach of the agreement has occurred, but when this happened, the offended concern called upon the offending corporation and endeavored to dissuade it from taking customers not assigned to it; or sometimes the affair has been settled through the foremen of the plants concerned, as they are given to understand by the managers of the rendering companies that they are not to attempt to secure the customers of the other concerns.

Bonuses used by the present combination.—Competition enters into the situation at Boston only when new markets are opened. These are no longer sold at auction, as in the days of the Griffin Club, the renderers now competing independently for the business. But the practice of offering bonuses to the butcher for his trade has become common with the rendering companies, and as much as $200 is offered merely for patronage, or, as testified by Mr. Whitcomb, the money is paid merely for the privilege of placing tins in a man's shop into which he throws his meat scraps and bones. The consequence of this would be to cause the new meat markets to hold off in order to get the highest bonus possible. No written contract is necessary in such cases, for once a renderer has placed his tin in a butcher's market, no other member of the combination is likely to attempt to take the trade.

Trading customers.—According to Mr. Whitcomb's testimony, a customer sometimes becomes so rebellious in his efforts to change from one renderer to another that the two purchasing companies

resort to an exchange of customers, the concern receiving the dissatisfied man giving the renderer losing him one of its own customers whose tonnage of waste material is approximately the same.

THE COOPERATIVE SLAUGHTERING & RENDERING CO..—Since the entrance of the Eastern Oil & Rendering Co. into the combination, the most notable attempt of a new concern to operate in the field was that of the Boston Retail Grocers' Association. This was another cooperative effort, and the stock company which was formed ended by becoming a collector for the Eastern Oil & Rendering Co., subsidiary of the American Agricultural Chemical Co. and a member of the combination.

In 1915, some 55 retail meat men of the Boston Retail Grocers' Association applied to a number of townships for a license to operate a rendering plant, but, while at first, according to sworn testimony, they were received most cordially by the local boards, later such sudden rumors of evil odors, etc., had gone abroad that no license could be procured. Finally, suitable arrangements were made for operating the plant of the Concord Packing Co., the only stockholders of which were E. T. Murphy, A. J. Maloney, meat dealers, and G. W. Tibbetts, of the Exchange Trust Co. of Boston. John J. Martin, president of the Exchange Trust Co., held a mortgage on the property. A corporation, the Cooperative Slaughtering & Rendering Co., was formed with Murphy, Maloney, and the 55 meat men, each holding one share of the common stock, in which the voting power was vested. Murphy, Maloney, and Tibbetts secured the preferred stock, which was without vote. Murphy and Maloney were to carry on certain slaughtering activities and thus turn business over to the rendering plant. But untoward events marked the course of the company from the beginning. The foot-and-mouth disease prevented all slaughtering operations, and dissensions arose between the retail meat men and Murphy. Eventually the voting control went into the hands of Murphy by the stockholders giving the voting right to the preferred stock. Murphy became manager. Rendering operations had already ceased, the collected material being sold for a while to the Henry James & Sons Co. and the New England Rendering Co. Trouble arose over the notes of the company which were held by the Exchange Trust Co. and, after fighting the cooperative concern for a while in the collecting field, the Eastern Oil & Rendering Co., the American Agricultural Chemical Co. subsidiary, indorsed the notes, provision being made that the cooperative concern was to turn its collections of material over to the Eastern Oil & Rendering Co., was not to extend its list of customers, and was to restore those it had succeeded in taking away from the Eastern Oil & Rendering Co. while collecting for the New England Rendering Co. Later, E. T. Murphy was made manager also of the rendering

operations of the American Agricultural Chemical Co. in Philadelphia, as will be seen later.

In the meantime, the meat men who had become interested in the cooperative proposition, still hoping to find an independent outlet for their shop fats, negotiated for the purchase of the Henry James & Sons Co., the independent in the vicinity to which they had been selling material, and apparently had the deal closed, when, overnight, the Henry James & Sons Co. was sold to Whitman & Pratt, a Swift & Co. concern. Here the efforts of the butchers ceased, and they found themselves once more compelled to sell to the combination.

Other independents.—There are two independent rendering concerns which are collecting in Boston, however, which, in spite of the combination, have succeeded in remaining in business. These are John Glennie, North Andover, Mass., and the What Cheer Chemical Co., near Providence, R. I. The former has been operating since 1880, and has developed a business which extends into Boston, other Massachusetts towns, New Hampshire, and Maine. By 1900, when the combination held almost complete control of the business, many efforts had been made to force Glennie out of the field, according to his sworn statements.

Local price raising has been the usual method of the various rendering combinations throughout the country for crushing out independent concerns and this was used freely against Glennie. According to his testimony prices advanced 100 per cent in Lawrence, Mass., where both he and Swift & Co. were collecting; yet in Lowell, only 9 miles away, where Swift & Co. had no competitors, no advances in price were made. Glennie testified also that he lost customers because of bonuses paid them by competitors and that his employees were enticed away from him. Intimidation also was practiced upon him, he testified, Horatio Heath, of the Consolidated Rendering Company, telling him personally that he would have to go, that his company would put prices up to a figure which Glennie could not pay and remain in business; that, if necessary, his concern would take its profits from Manchester, N. H., where it had no competitor, and spend them in Lawrence to fight Glennie. In the face of this, Glennie immediately began to collect in Manchester and took a number of customers from Swift & Co. He testified that he found that he could make a good profit after paying the butchers \$18 to \$20 a month for their material and hauling it to Andover, Mass., although Swift & Co. with no competition to face, had been paying only two or three dollars a month for the same material. In the commercial warfare precipitated in Manchester, Glennie testified, Swift & Co. established one of their foremen as a bogus competitor in the city whose duty it was to secure customers and turn them back to Swift & Co. This renderer, however, has managed to remain in the business

and testified that he had made liberal profits during a good part of the time, much of his success being due, he testified, to his slight overhead expense, as he himself, he stated, does a large part of the manual labor at his plant.

At Providence, R. I., the McCaffrey brothers carry on the business of the What Cheer Chemical Co., a partnership which they established in 1906. They report that they have been subjected to the same kind of practices as have been touched upon in the preceding pages. E. J. McCaffrey testified at a hearing before the Federal Trade Commission in Boston concerning price raising as follows:

Question. Who was doing business in Providence besides yourself?

Answer. The Consolidated Rendering Co. had the bulk of the business.

Question. Who do you understand to have the controlling interest in that company?

Answer. Swift.

Question. Swift & Co.?

Answer. Yes, sir.

Question. What sort of competition were they giving you in Providence?

Answer. Very unfair. No matter what price we would make, they would beat us by a half a cent or a cent a pound in collecting.

Question. Did they put those prices high enough to make it inevitable you would suffer a loss if you met those prices?

Answer. Yes, sir.

Question. During how long a period did that continue?

Answer. Up to within a little better than a year ago.

The situation at Providence became so acute that to offset it, the McCaffreys began to collect waste materials in Boston. The combination there immediately advanced prices and began to pay bonuses to the customers which the McCaffreys had taken from them in the city.

Mr. E. J. McCaffrey testified that E. T. Murphy, manager of the Cooperative Slaughtering & Rendering Co., and now in the employ of the American Agricultural Chemical Co., proposed to him that they stop competing and effect a division of the customers; also, that H. J. Robertson of the Eastern Oil & Rendering Co., subsidiary of the American Agricultural Chemical Co., told him that his concern had $100,000 to spend in keeping McCaffrey from getting a foothold in Boston and then, when McCaffrey charged that that was a violation of law, changed the wording to the effect that his company had $100,000 to spend in protecting its trade in Boston. He testified that in 1917 Robertson stated that "the renderers of Boston were very wealthy and were building up a combination * * * to pool all their interests and were going to send down to Providence and put in bids of 14 cents a pound for suet" in order to put the What Cheer Chemical Co. out of business. He testified that in 1916 F. T. Meagher, of S. A. Meagher & Co., which collects for Swift & Co., said to him: "You will never break into this market unless you sell out to us or come in with us."

This company, however, for the same reasons that John Glennie has been able to continue in business, has succeeded in making progress, as its overhead is small and the partners in the concern do much of the actual work themselves.

SWIFT & Co. IN OTHER NEW ENGLAND TERRITORY.—Besides those which operate in Boston, Swift & Co. has numerous subsidiary or branch rendering concerns which ramify all New England in collecting waste materials, most of which are controlled through the Consolidated Rendering Co.:

New Haven Rendering Co., New Haven, Conn.
L. T. Frisbie, New Haven, Conn.
Atlantic Packing Co., New Haven, Conn.
Manchester Rendering Co., Manchester, N. H.
Burlington Rendering Co., Burlington, Vt.
L. F. Darling Fertilizer Co., Worcester, Mass., and Pawtucket, R. I.
Lowell Rendering Co., North Billerica, Mass.
Springfield Rendering Co., Springfield, Mass.
Worcester Rendering Co., Auburn, Mass.
Suffolk Hide Co., Somerville, Mass.
Chas. Buck & Sons, Boston, Mass.
Butchers Rendering Co., Fall River, Mass.
Portland Rendering Co., Portland, Me.

Section 4.—New York City.

The principal interests concerned in the rendering business in New York City are four of the Chicago packers and the American Agricultural Chemical Co., the four packing companies being Wilson & Co., Inc., Armour & Co., Morris & Co., and Swift & Co. The companies through which these interests operate are as follows:

Wilson & Co., Inc.:
  Central Rendering Corporation.
  Haberman Co. (Inc.).
  Joseph Levy Co. (Inc.).
Armour & Co.: New York Butchers' Dressed Beef Co.
Morris & Co.:
  Joseph Stern & Son.
  Products Manufacturing Co.
  Van Iderstine Co.
    Levy Bros.
    Bopp Bros.
Swift & Co.:
  United Dressed Beef Co.
  Fred. Lesser.
American Agriculture Chemical Co.:
  Herman Brand (Inc.).
  G. Selner Co.

In the case of the Van Iderstine Co. and the Products Manufacturing Co., 58 and 29 per cent, respectively, of the capital stock is owned by Morris & Co. (See Part I, Table 65, p. 297.) Armour & Co. and Wilson & Co., Inc., are also interested in them as follows: Van Iderstine Co., 6 per cent and 4 per cent, respectively, and Products Manufacturing Co., 4 per cent and 3 per cent, respectively. The Products Manufacturing Co. does not collect shop fats and bones,

but confines its operations to the collecting of dead stock in the city, for which it has a contract with the New York board of health.

In addition to the above named companies, the following are engaged in the collecting or rendering of shop fats and bones: G. Weiss & Sons, the Independent Fat Co., F. Hofener, Jos. Rosenberg & Sons, and others.

A canvass of the New York retail meat men by representatives of the Commission gave evidences of the usual division of customers among the renderers and collectors, retail butchers stating that for years they had been selling to the same concern and that no other renderers tried to get their trade. This was also brought out in an interview which a representative of the Commission had with Herman Brand, of Herman Brand (Inc.), a subsidiary of the American Agricultural Chemical Co., in which the informant stated that his concern could afford to pay half a cent more per pound for fats, but it would not do so, as that would take away customers from the subsidiaries of the packing plants. He stated also that these concerns did not offer any active competition with the American Agricultural Chemical Co.

At the time of the investigation, no new independent companies were endeavoring to establish themselves in the New York market, and it has been some time since any serious effort was made in that direction.

In 1910 the Retail Butchers' Fat Rendering Co., in which about 400 local butchers were interested as stockholders, was organized and began a rendering business in New York City. It was not a success, and after an existence of about seven years without payment of dividends, it sold out to the United Dressed Beef Co., a subsidiary of Swift & Co. The former treasurer of the Retail Butchers' Fat Rendering Co. said to a representative of the Commission that during the time that the company was operating the rendering companies which were owned by the large packing concerns maintained such a severe competition that it was impossible for a small concern to operate profitably.

G. Weiss & Sons (Inc.), have been established in Brooklyn about eight years. A member of this concern said to a representative of the Commission that he experienced much difficulty in getting into the field, as the other rendering concerns persistently advanced the prices which they offered to the customers which he succeeded in getting on his list, and the result was that he lost $5,000 in the commercial strife which ensued. He continued, however, and eventually peace overtures were made to him and an arrangement was made by which he was apportioned 10,000 pounds of fats a week, delivered by Joseph Levy, now a subsidiary of Wilson & Co., Inc., and other collectors. Interference with customers then ceased, but,

according to the informant, the small collectors and renderers were gradually bought out by the larger concerns and in the summer of 1917, G. Weiss & Sons had to renew their efforts to build up a trade and are now collecting for themselves. Their prices at the time the investigation was made by the Commission were higher than those of the other rendering concerns. The table below indicates the prices which were being paid in New York City by the various renderers in the latter part of 1917, the data being gathered from various retail meat dealers:

Companies.	Bones.	Fats.	Sucts.
	Cents.	*Cents.*	*Cents.*
United Dressed Beef Co. (Swift)	....	7¾-8½	11½-16
New York Butchers Dressed Meat Co. (Armour)	½	8	13
Herman Brand (Inc.) (American Agricultural Chemical Co.)	....	7¾	....
Van Iderstine Co. (Morris)	....	7¾	13
Joseph Levy Co. (Inc.) (Wilson)	½	8	13
G. Weiss & Sons (Inc.) (independent)	¾	9	14

Section 5.—Philadelphia.

In 1915 the collecting and rendering of shop fats and bones in Philadelphia was done, for the most part, by the following concerns:

Consolidated Dressed Beef Co.
D. B. Martin Co.
Gray's Ferry Abattoir Co.
Baugh & Sons.
M. L. Shoemaker Co.
The Berg Co.
Independent Melting Co.
P. C. Thompson Co.
The Enterprise Rendering Co.

At that time, and for a number of years preceding, an agreement was in existence whereby the customers were divided among the rendering companies, competition developing only when a new market was opened. Once a given company had secured the trade of a new market, the other rendering concerns made no further efforts to do business with it, and in fact would not accept it as a customer, even if the market offered its waste material to them. That such was the situation was developed by testimony at hearings of the Commission in Philadelphia, January, 1918, and in interviews of representatives of the Commission with retail meat markets and with some of the renderers themselves. The latter admitted that there had been an understanding among them whereby they did not interfere with each other's trade, holding that when they did compete for the customers of one another the results were financially damaging.

THE BROWN CO. AND THE UNITED RENDERING CO.—In Trenton, N. J., the collecting and rendering are done by Swift & Co. and the Brown Co., this latter concern having been incorporated July 19, 1912, the control of which belonged to Sternfield, Weil & Co., of Philadelphia. This concern, according to sworn testimony, had made an ineffectual effort to sell the Brown Co. to the M. L. Shoemaker Co., and then,

September, 1915, the Brown Co. began collecting in Philadelphia, the result being a price war between it and the renderers who were parties to the agreement above mentioned. As a retaliatory measure, in the following month the Consolidated Dressed Beef Co., D. B Martin Co., M. L. Shoemaker Co., and the Berg Co. formed a corporation known as the United Rendering Co., incorporated in New Jersey, the stock being divided equally among them, and began cutting in upon the business of the Brown Co. in Trenton by raising prices and collecting materials, just as the Brown Co. had done in Philadelphia. The material collected in Trenton was auctioned every month in Philadelphia among the stockholders of the United Rendering Co. Baugh & Sons, while not owning any stock in the United Rendering Co., were permitted to send a representative to meetings of the directors and also to bid on the collected material at the auction.

THE AMERICAN AGRICULTURAL CHEMICAL CO. BECOMES A FACTOR.—The Brown Co. continued the competitive struggle in Philadelphia and prices rose to such a point that the company was operating at a loss of about $3,000 a month. In the meantime, E. T. Murphy, who had been prominent in turning the Cooperative Slaughtering & Rendering Co. at Boston into a collecting company for the American Agricultural Chemical Co. (See p. 163), bought the Brown Co. from Sternfield, Weil & Co. for something less than $50,000, and in November, 1916, incorporated it as the Brown Co. (Inc.). In order to prevent the Philadelphia renderers from knowing what became of the material collected in Philadelphia, he consigned it to "Ware & Co., Exporters," Boston, Mass. The bills of lading, however, were sent to the Eastern Oil & Rendering Co. (subsidiary of the American Agricultural Chemical Co.), which paid the freight and took over the material. Then, in April, 1917, Murphy sold the Brown Co. (Inc.) to the American Agricultural Chemical Co. for $135,000, a plant for rendering was established in Philadelphia, and the fight was prosecuted with increased vigor, Murphy continuing to represent the American Agricultural Chemical Co.

A NEW COMBINATION FORMED.—By this time, all the renderers in Philadelphia were probably losing money, so that peace negotiations were opened. Both Hugh J. Robertson, president of the Eastern Oil & Rendering Co., and E. T. Murphy made overtures to Winfield S. Allen, of the M. L. Shoemaker Co., and, according to Mr. Allen's testimony, Mr. Murphy endeavored to get him to agree to a peace arrangement whereby hostilities would cease and prices to the retail meat markets would be cut in half, Mr. Murphy pointing out at the same time that the American Agricultural Chemical Co. could afford to lose from $100,000 to $150,000 in order to whip the Shoemaker concern into line. These negotiations failed so far as this company was

concerned, but were more effective with the other renderers. F. W. English, of the D. B. Martin Co., testified that he conferred with Peter B. Bradley, president of the American Agricultural Chemical Co., and Hugh J. Robertson, president of the subsidiary Eastern Oil & Rendering Co., and, with the consent of the other stockholders, offered to turn over to the Brown Co. (Inc.) the United Rendering Co. at Trenton if they would have the Brown Co. (Inc.) to keep out of the Philadelphia territory. This proposition was not accepted, but the negotiations were successful in bringing about an understanding between the Brown Co. (Inc.) and all the Philadelphia renderers except the Shoemaker Co., it being arranged that the participants were not to interfere with one another's customers. These companies in combination were:

Brown & Co. (Inc.).	P. C. Thompson Co.
D. B. Martin Co.	Baugh & Sons Co.
Gray's Ferry Abbatoir Co.	Independent Mfg. Co.
The Berg Co.	Consolidated Dressed Beef Co.

After the agreement was made, prices were reduced to customers except those whom the Brown Co. (Inc.) had taken from the M. L. Shoemaker Co., and the Brown Co. (Inc.) ceased calling for the waste material of some of the customers whom they had taken from the other renderers, the result being that many returned to the concerns to whom they formerly sold. The agreement was carried out, not only to the extent of not seeking the trade of one another's customers but of refusing to purchase the material of a dissatisfied meat market, the reason usually assigned being that as the market had been selling to a certain concern, the others could not do business with it.

THE BROWN CO. (INC.) v. M. L. SHOEMAKER CO.—Thus the situation narrowed to a contest between the Brown Co. (Inc.) and the M. L. Shoemaker Co., and by these two it was carried on all the more vigorously. Winfield S. Allen, of the Shoemaker Co., testified that by means of local price raising the Brown Co. (Inc.) had taken from his concern more than 200 customers by December 31, 1917, their aggregate material amounting to 75 tons a month.

An idea of the situation may be had from the prices paid before and during the contest. Before it began, the prevailing prices were: Fat, 3 cents a pound; suet, 5 to 6 cents a pound; Bones, ½ to ¾ cent per pound. But while the contest was on, the prices, as shown by the books of Brown & Co. (Inc.), were as follows: Fat, 12½ cents a pound; suet, 19 cents a pound; bones, 2½ cents per pound.

On April 10, 1918, in a suit brought against the Brown Co. (Inc.) for breach of contract to pay a customer 3 cents a pound for bones, E. T. Murphy testified that while he agreed to pay 3 cents a pound,

1 cent a pound was a fair price and that "for reasons of his own" he had made the higher offer.

FEDERAL TRADE COMMISSION ISSUES ORDER TO CEASE AND DESIST.—Much bitterness developed between these two contending concerns, acts of espionage were practiced on both sides, personal collisions took place, and other objectionable practices developed.

In one instance, according to the testimony of the treasurer of the association of kosher butchers, E. T. Murphy succeeded in buying the trade of the organization by contributing money to the association and by paying the treasurer a bonus of $150 or $200 to get a ruling adopted by the organization whereby all members were required to sell their waste materials to the Brown Co. (Inc.). The ruling was adopted and enforced, according to one member who testified that he was fined for selling his waste material to the Shoemaker Co.

On February 26, 1918, the Federal Trade Commission, after due investigation, being convinced that the American Agricultural Chemical Co. was attempting to stifle competition by means of unwarrantable local price raising, issued a complaint against the American Agricultural Chemical Co. and the Brown Co. (Inc) and after giving these companies an opportunity to file an answer and receiving the same from them, it issued against them, under date of October 8, 1918, an "Order to cease and desist" as follows:

NOW, THEREFORE, IT IS ORDERED, that the respondents, the American Agricultural Chemical Company and the Brown Company (Inc.), and their respective officers, directors, agents, servants, and employees, cease and desist from purchasing and offering to purchase raw materials in the manufacture of their rendering products at and for prices unwarranted by trade conditions and so high as to be prohibitive to small competitors, particularly in the city of Philadelphia, State of Pennsylvania, and in Atlantic City, State of New Jersey; and

NOW, THEREFORE, IT IS FURTHER ORDERED, that the respondent, The Brown Co. (Inc.), and its officers, directors, agents, servants, and employees, cease and desist from causing any of the trucks of said respondent to collide with automobiles owned and operated by any competitor of said respondent at times when the automobiles of such competitor may be following the trucks of the said respondent, The Brown Co. (Inc.), for the purpose of spying upon the business and customers of The Brown Company (Inc.).

By the Commission.

[SEAL.] (Signed.) LEONIDAS L. BRACKEN,
Secretary.

Dated this 8th day of October, 1918.

Section 6.—Chicago, Ill.

The rendering business in Chicago, aside from that carried on by the various packing plants, is almost entirely in the hands of three large concerns—Darling & Co., the General Rendering Co., and the Globe Rendering Co. Darling & Co. is controlled by Morris & Co., which holds 54.6 per cent of its capital stock, but Armour & Co. is also interested and holds 7.5 per cent. (See Part I, Table 65, p. 296.)

The result of these conditions of control of meat supply and consequent control of prices is that the small packers are placed in the position of living by sufferance. In some cases, by a process of local price-cutting, the big packers have forced them out of business when they became objectionable. The remaining small packers, realizing the situation they are in (see p. 138), have to content themselves with following the lead of the big packers and adjusting their prices to those made by the concerns which dominate the industry.

CHAPTER IV.—COMBINATION AND UNFAIR PRACTICES IN RENDERING BUSINESS.

Section 1.—Introduction.

Rendering is the process of cooking certain parts of slaughtered or dead animals in kettles or tanks and recovering therefrom tallow, grease, and tankage, products which are important materials for use in the manufacture of oleomargarine, lard substitutes, soap and fertilizer. It is the purpose of this chapter to make a study of the trade methods employed by the Chicago packers and others in a number of important centers in the United States in purchasing and collecting the raw materials used in the rendering business and to point out the objectionable methods which have been found. The most important of these objectionable methods have already been declared illegal, either by the courts as to other industries or by the Federal Trade Commission in a decision on complaint made by competitors.

These practices may be divided into two groups. To the first group obviously belong the following:

1. Misrepresentation of competitors by means of false and derogatory statements against them, such as circulating reports that they are financially unsound, will not be able to meet their obligations, and must soon go out of business.

2. Intimidation of competitors, as by threats to spend large sums of money in commercial warfare against them, to institute series of costly lawsuits, etc.

3. Enticement of competitors' employees.

4. Inducing customers to break their contracts with competitors.

5. Espionage on the business of competitors, such as following their representatives and securing the names of their customers.

To the second group of practices belong the following:

1. Division of customers, a form of fixing the channels of trade, the customers in a given field being divided among certain companies by agreement, each company refusing to do business with a customer assigned to another. The competitive market is thus eliminated, prices paid for raw materials can be unreasonably depressed, and the customer has no choice as to the disposition of his goods.

acting apparently for the combination, succeeded in purchasing the plant and entire business of the Chicago Hide & Tallow Co. for $87,500, and secured an agreement that those who had been interested in the latter company would not engage in the same line of business in the same territory for a period of 20 years. As soon as the transaction was consummated, the trucks of the purchased concern were divided between Adler & Obendorf and Darling & Co., and the 2,000 customers taken over were apportioned on a tonnage basis among the members of the combination. The tanks of the Chicago Hide & Tallow Co. were torn out, the plant practically wrecked and was later destroyed by fire. The most significant feature of the transaction is that within a week after it was consummated the prices on shop-fats and bones were reduced to 2½ cents and ½ cent, respectively, uniformly all over the city, for "everybody, regardless of quality or anything else," according to the sworn statement of E. Wise, independent collector, at one of the hearings of the Commission in Chicago.

Schwarzschild & Sulzberger Co.—Prior to 1908, Schwarzschild & Sulzberger Co. had become a factor in the rendering business in Chicago by acquiring the General Rendering Co. and the Ashland Rendering Co., with the result that a sharp competitive fight ensued which continued until about January, 1912, when an agreement seems to have been reached between Sulzberger and Sons Co. (formerly Schwarzschild & Sulzberger) on the one hand and Darling & Co., Joseph Lister, and Adler & Obendorf on the other, whereby, according to an informant who was in the employ of Schwarzschild & Sulzberger at the time, each company was to keep the customers it already had and was not to solicit those of the other concerns. Prices were immediately cut as much as 10 cents and 25 cents a hundred at a time. It was probably as a result of this agreement that the efforts to purchase the Chicago Hide & Tallow Co. were initiated and carried through, and from the date of its purchase no large concerns have entered the field in competition with existing companies.

Concentration of the business.—Concentration, however, has continued in the business until, as stated above, Morris & Co. and Wilson & Co., Inc. dominate the situation. Darling & Co., controlled by Morris & Co., by two separate transactions in 1914 and 1915, respectively, secured the entire business and capital stock of Adler & Obendorf, and in 1916 likewise purchased the business and equipment of Joseph Lister. In the meantime, the packing business of Sulzberger & Sons Co. had been refinanced and was being conducted under the name of Wilson & Co., Inc. (See Part II, Chap. IV), the rendering business in Chicago going forward as the General Rendering Co. Thus the rendering situation in Chicago has come to be dominated by two packer-owned companies between which, according

to statements of small independent collectors and retail butchers, no active competition exists.

DIVISION OF CUSTOMERS.—The accounts which some of the small collectors of shop fats and bones in Chicago have given to representatives of the Commission and under oath at its hearings concerning the methods adopted by the large rendering concerns in opposing all competitors who enter the field show that Darling & Co., Sulzberger & Sons Co., Adler & Obendorf, and Joseph Lister, and later Darling & Co. and the General Rendering Co., had and still have a working agreement with regard to the collecting of shop fats, bones, and suet in and around Chicago. The main provision seems to have been that these companies would not interfere with one another's customers. The butcher had little or no choice as to the disposal of his offal, his trade belonged to one of the members of the combination, and he could not get away from that member. It has been declared in interviews and in testimony by witnesses who were in the employ of Sulzberger & Sons Co. for nine or ten years that this agreement existed and that the instructions they received prove it. As noted above, Schwarzschild & Sulzberger fought the combination for a while and then peace was made. This was in the first part of 1912, according to testimony of Edward Wise, who was in the employ of Sulzberger & Sons Co. at the time, and who said that this agreement explains the following note sent to him by the superintendent of routes for Sulzberger & Sons Co.:

1-25-12.

MR. E. WISE.

DEAR SIR: Please do not go in to Darling's stops or do any further battling with them until you see or hear from me. If they bother you let me know at once.

D. HANRAHAN.

This note, the witness testified, was written at about the time the agreement was made by Sulzberger & Sons Co. and Darling & Co. not to solicit each other's customers.

The statements and testimony of retail butchers in Chicago support the claims and testimony of the independent collectors that between the two large existing rendering companies there is no competition. When in the same block one butcher was selling to Darling & Co. and the other to the General Rendering Co., it was found that neither of these companies ever solicited the other's customers, and if bids were solicited by the retailers and finally made by the rendering concerns, they would always be less than what was already being paid by the other large rendering company. The retail butchers were practically unanimous in stating that they could get no offers of better prices from the large concerns until the small independents came into the field.

DRIVING CUSTOMERS INTO ALIGNMENT.—From September, 1913, to the autumn of 1915 the agreement seems to have worked most effectively on the North Side in Chicago. There were no independent companies actively operating there for that period, and prices were held down to the old level of one-half cent for bones and 2½ cents for shop fats. It became an extremely difficult thing for a retail man to change from one company to another, as from Darling & Co. to Sulzberger & Sons Co.. If a customer who was selling to the former became dissatisfied and offered to sell to Sulzberger & Sons Co. instructions to the collectors were to the effect that they must not bid on the material but must tell the dissatisfied butcher that it did not look good and that he would have to take a sample to the plant to have it tested in order to see how much grease it would yield. According to testimony, this "test" consisted in the collector's advising his office of the incident. The office would call the route manager for Darling & Co. and ask how much he had been paying the customer in question. If the prices were 2½ cents and one-half cent, the Sulzberger & Sons Co. collector would be instructed to offer the dissatisfied butcher 2¼ and ¼. Generally, the man would go back to Darling & Co., but in the event of his accepting the lower price, the instructions were that the collector must tell the customer that the material was not holding out and he must keep shading the price in an effort to drive the butcher back to the rendering concern to which he was originally selling.

TRADING "STOPS."—However, if the butcher persisted, the two rendering companies would sometimes arrange to trade "stops;" that is, for example, Sulzberger & Sons Co. would manage to shift over to Darling & Co. one of its customers who had the same quantity of waste material to sell and would take the persistent customer in exchange. In speaking of this practice, Robert McNeill, who had been a Sulzberger & Sons Co. collector, said a certain butcher "belonged to Lister, but he refused to give his stuff to Lister. I passed him up. I always forgot purposely. His shop fat piled up for two weeks. Then we took him and gave Lister our man Schultz, who had equal 'tonnage.' When these changes or trades were made, the rule was to exchange a customer having the same amount of stuff." Even if a retail meat man moved from one location to another or suspended business for several months and then resumed, he was still the trade of the rendering concern to which he had been selling. But if the retailer had been out of business for six months and then resumed, any of the renderers might solicit his trade.

COMPETITION FOR NEW MARKETS.—In the case of new meat markets, informants stated that there was real competition, and instruction slips issued to one informant were supplied to a representative of

the Federal Trade Commission, showing that the collector was to offer "any price." But as soon as the new customer was secured, inasmuch as it was certain that the other concerns would not make further efforts to do business with him, the collector could cut the price when instructed.

Manipulation of the market.—At present the two packer-owned rendering companies have no large competitors in Chicago and have had none since the elimination of the Chicago Hide & Tallow Co. in 1913. Since then a few small collectors who sell to Frank L. Umback & Co., independent renderers, have appeared in different sections of the city. Such are Wise & McNeill, both for a number of years in the employ of Schwarzschild & Sulzberger (later Sulzberger & Sons Co.) as collectors, and who now operate on the North Side; Frederick Emmerick on the West Side, formerly with the Chicago Hide & Tallow Co., and Charles Racines, also for a number of years with Schwarzschild & Sulzberger, who collects on the South Side. The experiences of all these men are given as practically the same: Until they entered the territory from which they collect and began to pay prices which they state they believe were legitimate, the big companies were holding prices down to the old level of 2½ cents for shop fats and one-half cent for bones. In each case, as soon as these men began to collect, a fight was instituted against them, prices were raised, according to their statements, beyond a point where it was profitable to purchase, and then as soon as they withdrew from a certain community, competition being eliminated, the large companies would cut the price to the old level again. According to statements of collectors, prices on the North Side which, before the independents began to operate, were 1½ cents for tallow and one-fourth cent for bones, advanced after they began to 7½ and 1½ cents, respectively, and in some cases to 9 cents for tallow. It was asserted that in 1916 in one suburb where there was no competition, bones were being given to one of the large companies, although it was not paying above 2½ cents for shop fats, while higher prices were being paid elsewhere. Later, when Fred Emmerick, independent, entered this territory prices advanced and by the autumn of 1917, as much as 3 cents were being paid for bones and 11 cents for shop fats, prices which Emmerick stated under oath he could not pay and make a profit. At that time the small independents were paying as high as 7 cents for shop fats, but said that beyond that figure they could not profitably do business.

In an interview with a representative of the Commission, W. H. McCausland, manager of the collection routes for Darling & Co. in Chicago, said that the prices paid by the company were always governed by the regular market price, that the company's policy was always to pay what the material was worth and to be governed

by the market price, to raise and lower prices in accordance with market conditions, but the sworn testimony of witnesses above cited contradicts this.

ESPIONAGE AND MISREPRESENTATION.—According to testimony of informants and statements made to representatives of the Commission, Darling & Co. practiced a persistent espionage upon the small collectors by following their trucks and securing the names of their customers. On the day following, these customers would be approached with offers of higher prices and statements to the effect that the independent concern was not reliable, would be unable to pay for the material collected, and would soon be out of business. The butchers realized that the only reason they were getting higher prices for their material was because of the activity of the small independents, yet many were afraid to give them their patronage lest, in the event of the independents being forced out of business, the large concerns might make the butcher suffer for the trade he had given them. Fred Emmerick, independent, told under oath how a representative of Darling & Co. had secured some of his business cards, placed upon them prices which he (Emmerick) had never offered and could not afford to pay, and then showed them to customers of the independent with the statement that that was the price Emmerick was offering to customers of Darling & Co., and asked why he was not offering his own customers the same price.

Section 7.—Kansas City, Mo.

The waste material of the meat markets and dead animals of Kansas City are collected by three companies—Standard Rendering Co., Fetters Bros., and the Fowler Desiccating & Rendering Works. Four members of the Big Five are interested in the Standard Rendering Co. (See Part. I, Table 65, p. 297.) Morris & Co., however, is the controlling interest, as it owns 61 per cent of the capital stock. Fetters Bros. is owned by H. L., J. S., and W. F. Fetters, who also own the Kansas City Soap Co. The Fowler Desiccating & Rendering Works is owned by Armour & Co.

Formerly Peet Bros. were operating a rendering plant at Kansas City, and prior to 1909 some very sharp competition developed between them and the Standard Rendering Co.; but the latter succeeded in buying out Peet Bros. in 1909, taking only the good will of the concern and closing up the plant One member of the firm of Peet Bros. said to a representative of the Commission that the purchase had been made for the purpose of eliminating competition in the purchase of dead stock at the stockyards, Peet Bros. having contracted to pay one-fourth the price of live hogs for dead ones and having thereby secured about half the dead animals at the stockyards.

From 1909 until the spring of 1916 only the Standard Rendering Co. and Fetters Bros. were collecting waste material from the meat markets in Kansas City, and, according to P. E. Prater, manager of the Standard Rendering Co., and H. L. Fetters, of Fetters Bros., neither company solicited the customers of the other, there was no competition between them, and prices were much lower than they have been since a new competitor has come into the field.

In May, 1916, Armour & Co. began to operate the Fowler Desiccating & Rendering Works in Kansas City. A sharp competition developed between it and the Standard Rendering Co., and prices advanced more than 100 per cent. Prior to May, 1916, retail meat markets were receiving ½ cent to 1 cent for bones and from 2 to 3 cents for fats, but these prices were advanced to from ¾ cent to 3 cents for bones and from 5 to 7 cents for fats.

Although three companies are collecting waste materials in Kansas City, the competition is not three-cornered. Fetters Bros. frankly admit that they never solicit the customers of the Standard but do try to get those of the Fowler concern. The reason for this lies in the fact that the Fetters company does no rendering and makes no use of the waste materials it collects, its total tonnage of about 60,000 pounds a month being turned over to the Standard Rendering Co., which pays Fetters Bros. the market price for the grease produced from the collections and retains the tankage in payment for the rendering done. Hence, except for what the Fowler concern collects, the Standard Rendering Co. handles all the collections from meat markets made in the city.

The situation is set forth in the following letters between the Chicago and Kansas City offices of Swift & Co.:

CHICAGO, *February 26, 1915.*

Mr. I. H. RICH,
Swift & Company,
Kansas City, Kan.

Bones.

DEAR SIR: The following extract from a letter to our neighbors was handed to me to-day, with request that any action we might take to help the situation would be appreciated, viz:

"Referring to conversation to-day, Swift & Company at Kansas City are collecting about from 5,000 to 7,000 lbs. of bones weekly from Neuer Brothers and from 7,000 to 8,000 lbs. of bones weekly from a Mr. Hutt, who is a small killer at Kansas City. Mr. Fetters formerly received material from these two parties and he states now that Swift is paying them 85¢. per cwt. He suggests that Swift reduce their price to around 65¢. per cwt. and then he can purchase same for 75¢ per cwt. Would like very much to have this arranged if possible."

Have you any suggestions?

Yours respectfully,

H. A. CHETHAM.
N.

AD.

Received. Louis F. Swift. Mar. 2, 1915.

KANSAS CITY, *March 1, 1915.*

Mr. H. A. CHETHAM,
Swift & Company, Chicago, Ill.

Bones—February 26th.

DEAR SIR: I will give you the facts regarding our bone business in Kansas City now and talk it over with you in Chicago March 5th.

Neuer Brothers never did sell bones to the Standard Rendering Company; they used to sell to Armour. They commenced selling to us in March, 1914. Hutt never did sell bones to Standard, nor did his predecessor, August Freund. They have been selling to us for over four years. Mr. Fetters, in the far past, may have bought bones from these parties. All bones which we buy are delivered to our plant; we do not pick up any.

As to buying these bones and price thereof, will talk with you about same when see you.

Yours respectfully,

[Signed] I. H. RICH.

(Copy.)

MAY 25, 1916.

Mr. I. H. RICH,
Swift & Company, Kansas City, Kans.

DEAR SIR: How is the city fat business handled in Kansas City?

Does the Standard Rendering Company do it?

Does Morris do any direct through his packing house?

Does Armour or any other packer?

Did Armour start in with a team to collect fat a while ago, and is he continuing it?

Yours respectfully,

LOUIS F. SWIFT.

Dict. LFS
EHS

SWIFT & COMPANY,
PACKERS STATION, KANSAS CITY KAN.

MAY 29, 1916.

Mr. LOUIS F. SWIFT,
Swift & Company, Chicago, Ill.

City fat business in Kansas City May 25th.

DEAR SIR: City fats and bones now being collected by Standard Rendering Company, Fetter Brothers (Kansas City Soap Company), and Armour. Morris, S. & S., Cudahy, and Swift are not in this business.

Prices paid: Shop fats, 3½¢ to 4¢; suet, 5¢. to 6¢.; bones, ½¢. to 1¢. per pound. Variation in prices due to quality and condition of product; also volume and competition.

Standard and Fetter divide city into districts and do not compete against each other, but both are meeting prices offered by Armour.

Above prices are about 1¢. (on fats) and ½¢. (on bones) per pound more than Standard and Fetter paid before Armour started in to collect fats and bones about May 1st, 1916.

Fetter collects about one-third more fats and bones than Standard.

Standard does rendering for Fetter, charging him actual expense, Standard retaining tankage.

Standard buys the rendered tallow from Fetter at fraction under Chicago market.

Neuer Brothers and Missouri and Kansas Packing Company (J. E. Hutt Contracting Company) deliver some bones and fats to us with their teams at the following prices:

Neuer Brothers.—Bones, 1¼¢ lb.; inedible offal, ¼¢ lb.

M. & K. Pkg. Co.—Cattle heads, 60¢ cwt.; feet, 50¢ cwt.; mixed bones, 85¢ cwt.; inedible offal, 60¢ cwt.

Neither Standard nor Fetter have ever had this business.

Missouri and Kansas Packing Company (formerly August Freund) has delivered these products to us for more than ten years. Armour bought Neuer bones until we started to take them in March, 1914.

Understand Armour has city fats and bones collected by their wholesale market wagons, allowing their market department ½¢ per pound to cover teaming expense.

Yours respectfully,

SWIFT & COMPANY.

[Signed] Per I. H. R.

Manager's Office.
IHR A

Besides collecting the dead stock at the Kansas City Stockyards, the Standard Rendering Co. also has a contract with the city for the removal of all dead animals within the city limits.

Section 8.—St. Joseph, Mo.

Only two rendering companies operate in this city—Swift & Co. and the St. Joseph Rendering Co.—the latter apparently being an independent concern and the property of the Artesian Ice & Cold Storage Co. According to all accounts, for many years there has been no competition between the two concerns. Mr. William Peet, one of the Peet brothers of Kansas City, who built the St. Joseph Rendering Co. plant and operated it, said to a representative of the commission that about 10 years ago the two rendering concerns were competing for the dead animals at the St. Joseph stockyards, but that a gentlemen's agreement was reached whereby Swift & Co. was to have all the dead animals at the yards and the St. Joseph Rendering Co. was to have those of the city and surrounding country. Also, with regard to the bones and shop fats from the retail meat markets of the city, there was a practical division of the territory with an understanding that the companies would not interfere with each other's customers.

This agreement seems still to be effective, as the investigations of a representative of the Federal Trade Commission during the latter part of 1917 revealed the fact that Swift & Co. collects the dead animals at the stockyards and the waste material from the markets in the downtown section of the city, while the St. Joseph Rendering Co. collects the dead animals within the city and outside the stockyards and collects the shop fats and bones from the meat markets in the outlying districts of the city.

A number of retail meat men were interviewed in St. Joseph and in every case they responded in the same way—no competition whatever between the two concerns; one would not take the customers

of the other, and prices in every case were the same—that is, 2 cents a pound for shop fats and 35 cents a hundredweight for bones. This has been the situation, the retailers stated, for the past eight years.

The following excerpt from a letter, under date of December 16, 1916, from the manager of the Swift & Co. rendering plant at St. Joseph to L. F. Swift, indicates what the situation is in that city:

Answering your favor of the 14th inst., our name is on the wagon used for collecting fat. We use one double for this purpose. This wagon calls at the Transit House. Our driver called at the Robidoux at the time it opened, but could not get their fat, etc., as they had sold it to Peet Brothers, contracting for ice.

The policy here seems to be not to interfere with Peet Brothers' trade and they do not interfere with ours. Understand that the butchers occasionally call both Peet Brothers and ourselves, asking that we call for their fat, but neither goes after the other's trade. Peet Brothers are running two wagons, one single and one double, in winter and three in summer, and, as near as we can learn, are doing about three times as much business as we do.

Section 9.—Detroit, Mich.

Besides the rendering departments of the various packing houses in Detroit, only two other plants were in operation there when this investigation was made: Millenbach Bros. and the Schulte Soap Co., which does no soap making, but only collects materials and renders. For nearly a decade there has been no competition between Millenbach Bros. and the Schulte Soap Co. in collecting the waste material from the markets in the city. A canvass of representative meat men there revealed the fact that no attempt was made on the part of the one company to bid on the shop fats of a retailer who is selling to the other, and that it was in most cases useless for a butcher to attempt to change from one renderer to the other, as he would be met with a refusal or with an offer at the same or a smaller price.

Both companies are owned by the American Agricultural Chemical Co. Eight or ten years ago this large fertilizer concern bought the Millenbach rendering plant and then, two years later, took over its competitor, the Schulte Soap Co. Out of all the retail meat-market men interviewed in Detroit, the majority thought that the American Agricultural Chemical Co. owned Millenbach Bros., but only one expressed the same belief concerning the Schulte Soap Co. At that time there was nothing, according to the officials of the two companies, on their letterheads, invoices, or other stationery to indicate their connection with the American Agricultural Chemical Co.

Of the two plants, Millenbach Bros. is much the larger, having probably from 70 per cent to 75 per cent of the retail butcher trade in the city, besides receiving, on a verbal contract, all the dead stock from the Michigan Central stockyards at Detroit. It also fills a contract with the city for the Detroit Reduction Co. for taking up the animals which die within the city limits, and handling those ordered killed by the humane society.

A comparison of the prices paid to butchers by these two companies can not be made here, owing to the fact that a great deal of the waste material purchased is not classified as it is in many cities. In some cases the butcher separates his fats and bones, while in others he does not, but sells them all mixed together, so that they are bought under the name of "mixed tallow," with varying proportions, no doubt, of the fats and bones. In the autumn of 1917, Millenbach Bros. said they were paying as follows:

Bones	½ cent to 1 cent a pound.
Shop fat	4 cents to 7 cents a pound.
Suet	9 cents to 11 cents a pound.
Mixed tallow	1 cent to 4 cents a pound.

It was said that nearly all the offal bought was "mixed tallow," and this was borne out by interviews with various meat dealers. The Schulte Soap Co. said that its prices for bones were 1 cent a pound and for good tallow 6 cents, but that most of the material was bought as "mixed tallow," in which case it was bought for a lump sum without being weighed. The prices had changed but little during the past few years, according to informants, and in some cases retailers said they had been receiving the same price for the past eight or ten years, or about the period that the American Agricultural Chemical Co. has operated the rendering business in Detroit.

For dead animals collected in the city, Millenbach Bros. were paying nothing, while for dead stock at the Michigan Central stockyards it paid $7.50 a head for cows and steers and 1¾ cents a pound for hogs. These prices went into effect in November, 1917, and prior to that date $5 a head and 1 cent a pound, respectively, were paid.

Section 10.—Omaha, Denver, and Sioux City.

Omaha, Nebr.—The Union Rendering & Refining Co. has control of the rendering business at Omaha, the only competition offered being that of the Omaha Rendering Co., a small company which collects from but four or five markets. Of the Union Rendering & Refining Co. 77 per cent of the capital stock is distributed among the Swift, Morris, Cudahy, and Armour family interests and the Swift Company interests. (See Part I, Table 65, p. 297.) This packer-owned concern has an absolute monopoly of the dead stock at the Omaha stockyards (see p. 65), no other concern being allowed even to bid on the dead animals there.

A canvass of the situation in Omaha was made by a representative of the Commission and it was found that the Union Rendering & Refining Co. has had a monopoly of the waste material market for the past 20 years and that it has been maintained by resort to local price raising as soon as a competitor came into the field, and as soon as the competitor had been forced out of business prices were dropped back to the old level. Charles Armintraut, one of the collectors for the

Union Rendering & Refining Co. said to a representative of the Commission in speaking of the waste material of the meat markets:

We get it all. There is no one else collecting the stuff. A few have tried to get in the business at different times, but Swift always put the price up on them so that they didn't last long.

DENVER, COLO.—In 1912, when, as a result of the liquidation of the National Packing Co., the Union Rendering Co., at Denver, became the joint property of Swift & Co. and Armour & Co. (see Part I, Table 65, p. 297), four other rendering concerns were operating in the city, and two years later, 1914, the Capitol Rendering Works, an independent company, was established. One of the four independents, however, went out of business, and the other three were absorbed by the Union Rendering Co., so that only this concern and the Capitol Rendering Works remained in the field. Between them a lively competition was maintained for a while, but an agreement seems to have been reached by the two, and at the time a representative of the Commission made a survey of the situation in Denver, there was, in effect, a division of customers between the two companies and both were paying low and identical prices.

SIOUX CITY, IOWA.—At Sioux City the Iowa Rendering Co. has no competition in the purchase of shop fats and bones, and has a monopoly of the dead stock at the Sioux City stockyards. This concern is 73 per cent packer owned (see Part I, Table 65, p. 297), Swift & Co. owning 25 per cent, Armour & Co. 25 per cent, and the Cudahy Packing Co. 23 per cent.

Section 11.—Toledo, Buffalo, and Pittsburgh.

TOLEDO, OHIO.—The N. Rassell Sons & Co., which is a subsidiary of the American Agricultural Chemical Co., has control of the rendering business in this city. It has a contract with the Toledo Union Stock Yards for its dead stock, collects dead animals in the city, and is without competition in taking the shop fats and bones from the local butchers. The Toledo Rendering Co., a potential competitor, changed hands in 1917, at which time it had a few local meat markets as its customers, but, according to this concern, the N. Rassell Sons & Co., by persistent raising of prices succeeded in taking these customers away, so that the Toledo Rendering Co.'s only remaining subsistence was the dead stock acquired by contract with the Interstate Stock Yards, upon whose property it is situated, and dead animals purchased in the surrounding country.

BUFFALO, N. Y.—The bulk of the rendering business in Buffalo is done by the Milsom Works, a subsidiary of the American Agricultural Chemical Co. Formerly the Buffalo Fertilizer Works, a subsidiary of the International Agricultural Corporation, also did rendering but it has recently withdrawn from this field. While the Milsom Works is

the largest factor in the rendering business of the city, no such control exists here as at Detroit and Toledo. A number of small renderers and the Retail Butchers' Association are engaged in the business and the prices paid throughout the city vary for shop fats and bones.

PITTSBURGH, PA.—The greater part of the rendering business in this city is carried on by the Pittsburgh Provision & Packing Co. and W. & H. Walker. Competition does not seem to have been very active in this field until a year or more ago when the Sun Packing Co. began collecting waste materials in the city, and more recently Charles R. Luker. The retail meat markets reported that there existed a fair degree of competition in the purchase of their waste materials. The dead animals at the Pittsburgh Union Stock Yards are sold under a verbal contract to the Pittsburgh Provision & Packing Co., in both of which concerns there is an Armour interest. (See Part I, Table 65, pp. 300 and 301.)

Section 12.—Cleveland, Cincinnati, and Covington.

None of the large interests which control or divide with others the rendering business in the cities discussed above seem to enter into the competitive situation in Cleveland, Cincinnati, and Covington, Ky.

CLEVELAND, OHIO.—The rendering of shop fats and dead animals in Cleveland at the time of this investigation was done by five different concerns: J. L. & H. Stadler Rendering & Fertilizer Co., Cuyahoga Rendering & Soap Co., C. Masek Glue Co., the Cleveland Rendering Works, and the Retail Butchers' Association. Of these companies the J. L. & H. Stadler Rendering & Fertilizer Co. does by far the largest business, being the oldest of the rendering companies. Besides collecting the bulk of the waste material in and around the city, it takes up a large proportion of the dead animals in Cleveland and has a contract for all the dead animals at the Cleveland Union Stock Yards. Mr. J. L. Stadler, president and principal stockholder in this company, owns the Farmers' Chemical & Fertilizer Co., situated on property adjoining that of the rendering plant, and also the Fort Wayne Rendering Co., Fort Wayne, Ind., a company not fully equipped for handling all that it collects, so that much of its raw material is shipped to the Cleveland plant.

According to statements made by retail meat men and by the rendering companies themselves, for a number of years past no active competition has been engaged in by the latter. Practically all the retailers interviewed said that no concern other than the one to which they were selling their shop fats and bones ever solicited their trade, and those who had made an effort to change from one renderer to another had found the effort useless.

Reports from meat markets and from the two leading rendering concerns showed that the price paid for bones was uniformly one-half cent a pound, while the prices paid for shop fats ranged from

3½ to 5¼ cents in April, 1917, and from 4¼ to 7½ cents in November of the same year. In the case of suet some competition was being offered by the Cleveland Rendering Works and in December, 1917, as a result of its activity, the price had been advanced to 11 cents by all concerns.

All of the rendering concerns interviewed said positively that there was no agreement among them, either as to prices or division of territory or of customers, but all declared that they did not interfere with one another's customers. It was explained that when a new market begins business, the concern which first arranges to take its fats and bones has the right of way and thereafter the others do not attempt to do business with that market.

CINCINNATI AND COVINGTON.—In Cincinnati and Covington, Ky., across the river, the collecting of waste material and dead animals is done by the Union Reduction Co., Elmwood Rendering Co., Joslyn-Schmidt Co., Conway Tallow Co., the Kentucky Chemical Co., John Mitchell Co., Jacob Ellin, and P. J. Neville. The investigations made in these cities by a representative of the Commission show that a sharp competition exists between the Union Reduction Co. and the Elmwood Rendering Co. in Cincinnati, and among the others named above in Covington.

The dead animals at the Cincinnati stockyards are sold on contract to the highest bidder, and sometimes one company gets them and sometimes another, the Elmwood Rendering Co. holding the contract at the time this investigation was in progress. The Union Reduction Co. has a contract with the city of Cincinnati for the collection of city garbage and dead animals outside the stockyards according to the terms of which the company is not allowed to pay anything for the dead stock collected. The owner of the dead animal, however, has the right to sell it if he can, and, as a consequence, much competition has developed between the two leading rendering concerns in the city, to meet which the Union Reduction Co. has established the Cincinnati Rendering Co., whose only separate existence from the former lies in the fact that it has a different telephone. When the owner of a dead animal demands payment, the Union Reduction Co. refers him to the Cincinnati Rendering Co. where he is paid for the animal and it is immediately turned over to the Union Reduction Co.

In Covington, Ky., the entrance of the Kentucky Chemical Co. into the field in May, 1916, seems to have caused a sharp competition among the renderers who collect on that side of the river, prices advancing until, in the autumn of 1917, all companies were paying 11 cents for shop fats, a price at which it was claimed there was no profit to be made.

Section 13.—Dividends, profits, etc.

The table below shows the capital stock, surplus, net worth, profit, per cent of profit on net worth, dividends paid, and per cent of dividends on capital stock for the years 1914, 1915, 1916, for seven of the packer-owned rendering companies, namely, Darling & Co., Chicago; General Rendering Co., Chicago; Union Rendering & Refining Co., Omaha; Iowa Rendering Co., Sioux City, Iowa; Standard Rendering Co., Kansas City, Mo.; Union Rendering Co., Denver, Colo.; Consolidated Rendering Co., Boston, Mass.:

	1916	1915	1914
Darling & Co.:			
Capital stock	$400,000.00	$400,000.00	$400,000.00
Surplus	1,544,763.99	1,012,907.14	641,998.60
Net worth	1,944,763.99	1,412,907.14	1,041,998.60
Profit	643,856.85	418,908.54	180,466.59
Per cent profit on net worth	33.11	29.71	17.32
Dividends paid	112,000.00	48,000.00	28,000.00
Per cent dividends on capital stock	28.00	12.00	7.00
General Rendering Co.:			
Capital stock	11,500.00	11,500.00	11,500.00
Surplus	115,583.92	92,291.34	30,611.80
Net worth	127,083.92	103,791.34	42,111.80
Profit	23,292.58	61,679.54	30,611.80
Per cent profit on net worth	18.33	59.44	7.27
Dividends paid	....	....	....
Per cent dividends on capital stock	....	....	....
Union Rendering & Refining Co.:			
Capital stock	100,000.00	100,000.00	100,000.00
Surplus	6,054.56	2,913.93	1,510.18
Net worth	106,054.56	102,913.93	101,510.18
Profit	16,140.63	13,403.75	7,745.93
Per cent profit on net worth	15.22	3.02	7.63
Dividends paid	13,000.00	12,000.00	3,000.00
Per cent dividends on capital stock	13.00	12.00	3.00
Iowa Rendering Co.:			
Capital stock	25,000.00	25,000.00	25,000.00
Surplus	14,447.03	29,309.99	22,040.84
Net worth	39,447.03	54,309.99	47,040.84
Profit	28,887.04	12,269.15	18,904.51
Per cent profit on net worth	73.23	22.59	40.19
Dividends paid	43,750.00	5,000.00	5,000.00
Per cent dividends on capital stock	171.00	20.00	20.00
Standard Rendering Co.:			
Capital stock	1,000,000.00	1,000,000.00	1,000,000.00
Deficit	46,255.98	38,530.70	19,497.40
Net worth	953,744.02	961,469.30	980,502.60
Profit	92,274.72	61,679.20	54,363.73
Per cent profit on net worth	9.70	6.39	5.53
Dividends paid	100,000.00	80,000.00	30,000.00
Per cent dividends on capital stock	10.00	8.00	3.00
Union Rendering Co.:			
Capital stock	50,000.00	50,000.00	50,000.00
Surplus	3,684.34	[1] 9,228.42	[1] 9,307.98
Net worth	53,684.34	40,771.58	40,692.02
Profit	17,912.76	79.56	[2] 8,078.35
Per cent profit on net worth	33.37	.20	19.87
Dividends paid	10,000.00	....	....
Per cent dividends on capital stock	20.00	....	....
Consolidated Rendering Co.:			
Capital stock	2,500,000.00	1,500,000.00	1,500,000.00
Surplus	1,022,226.71	877,375.09	665,953.75
Net worth	3,522,226.71	2,377,375.09	2,165,953.75
Profit	1,267,351.62	316,421.34	123,094.90
Per cent profit on net worth	35.98	13.43	5.68
Dividends paid	1,122,500.00	105,000.00	105,000.00
Per cent dividends on capital stock	44.90	7.00	7.00

[1] Deficit. [2] Loss.

The table shows that all the companies except the General Rendering Co. and the Union Rendering Co. have paid dividends during these three years, and in 1916 the Union Rendering Co. paid

$10,000. The highest amount paid out was $1,122,500, by the Consolidated Rendering Co., whose capitalization is greater than any of the other concerns, the amount paid in dividends being 44.9, or practically 50 per cent on the capital stock, whereas in the preceding years only a 7 per cent dividend had been paid. But the Iowa Rendering Co., which in the two years preceding 1916 had been paying a 20 per cent dividend, jumped to a payment of $43,750 on a $25,000 capital stock, or 171 per cent. In no case during 1914 and 1915 did a dividend exceed 20 per cent, while the lowest for those years was 3 per cent. During 1916 the lowest figure was 10 per cent, and from this the figures range to 13, 20, 28, 44.9, and 171.

In all cases but one the profits were greater in 1916 than in preceding years, the General Rendering Co., however, showing a greater profit in 1915 than in either of the other two years. In many cases the per cent of the profit on net worth is large. In 1914, the Iowa Rendering Co. shows the highest percentage, 40.19, while Darling & Co. stands a distant second with 17.32 per cent. The Union Rendering Co. shows a loss of 19.87 per cent. In 1915 the General Rendering Co. stands first with 59.44 per cent, with Darling & Co. second with 29.71 per cent, Iowa Rendering Co. third with 22.59 per cent. The lowest figure is again that of the Union Rendering Co., which showed only $\frac{2}{10}$ of 1 per cent. In 1916 the companies concerned show an increase in percentage over 1915, except the General Rendering Co., which decreased from 59.44 to 18.33. The highest percentage in the year is that of the Iowa Rendering Co., which reached the figure of 73.23; the Consolidated Rendering Co. comes second with 35.98, and the Union Rendering Co. is third, having jumped from practically no profit in 1915 to 33.37 per cent in 1916. Darling & Co. comes next with 33.11 per cent.

The capital stock of some of these companies was not all issued for cash. In the case of Darling & Co., $50,000, or 12½ per cent of the $400,000, was issued as stock dividends; the Union Rendering & Refining Co., with a capital stock of $100,000, issued $80,000, or 80 per cent, of the total in stock dividends; and in the case of the Standard Rendering Co., $860,540.04, or 86 per cent of the $1,000,000 capital stock, represented "contract rights and good will"; $1,500,000, or 60 per cent, of the $2,500,000 capital stock of the Consolidated Rendering Co. was issued as stock dividends.

If from capital stock reported by these four companies are deducted the amounts included therein which represent stock dividends, good will, etc., some very material changes in the percentages occur.

They are shown in the table below:

Item.	1916	1915	1914
Darling & Co.:			
Capital stock	$350,000.00	$350,000.00	$350,000.00
Surplus	$1,544,763.99	$1,012,907.14	$641,998.00
Net worth	$1,894,763.99	$1,362,907.14	$991,998.00
Profit	$643,856.85	$418,908.54	$180,466.59
Per cent profit on net worth	33.98	30.73	18.19
Dividends paid	$112,000.00	$48,000.00	$28,000.00
Per cent dividends on capital stock	32.00	13.71	8.00
Union Rendering & Refining Co.:			
Capital stock	$20,000.00	$20,000.00	$20,000.00
Surplus	$6,054.56	$2,913.93	$1,510.18
Net worth	$26,054.56	$22,913.75	$21,510.18
Profit	$16,140.63	$13,403.75	$7,745.93
Per cent profit on net worth	61.94	58.49	36.01
Dividends paid	$13,000.00	$12,000.00	$3,000.00
Per cent dividends on capital stock	65.00	60.00	15.00
Standard Rendering Co.:			
Capital stock	$139,459.96	$139,459.96	$139.459.96
Deficit	$46,255.98	$38,530.70	$19,497.40
Net worth	$93,203.98	$100,929.26	$119,962.56
Profit	$92,274.73	$61,679.20	$54,363.73
Per cent profit on net worth	99.00	61.11	45.31
Dividends paid	$100,000.00	$80,000.00	$30,000.00
Per cent dividends on capital stock	71.70	57.33	21.51
Consolidated Rendering Co.:			
Capital stock	$1,500,000.00	$1,500,000.00	$1,500,000.00
Surplus	$1,022,226.71	$877,375.09	$665,953.75
Net worth	$2,522,226.71	$2,377,375.09	$2,165,953.75
Profit	$1,267,351.62	$316,421.34	$123,094.80
Per cent profit on net worth	50.24	13.30	5.68
Dividends paid	$1,122,500.00	$105,000.00	$105,000.00
Per cent dividends on capital stock	74.83	7.00	7.00

In the case of Darling & Co. the difference in percentages is not so very great, as only $50,000 in stock dividends has been deducted from the total capitalization. But in the case of the other three concerns the increase in percentages is very marked, especially for the Standard Rendering Co., where the per cent of profit on net worth in 1916 jumps from 9.7 per cent in the former table to 99 per cent and the per cent of dividends on capital stock rises from 10 per cent in the table on p. 186 to 71.7 per cent.

The year 1916 seems to have been a prosperous one in the rendering business. There had been a decided advance in the market of the finished products of the rendering plant as compared with the two preceding years. The average prices per pound for stearine and tallow were as follows, as given in the Annual Statistical Report of the New York Produce Exchange:

[Year 1917, p. 107.]

Item.	Stearine.		Tallow.
	Prime.	Oleo.	
	Cents.	*Cents.*	*Cents.*
Average price per pound, 1916	14[illegible]	12	7
Average price per pound, 1915	10[illegible]	9[illegible]	6[illegible]
Average price per pound, 1914	11[illegible]	9[illegible]	6[illegible]

Section 14.—Conclusions.

Judging from the facts in the foregoing sections, there can be no doubt that in many sections of the country large rendering concerns, either singly or in combination, have used trade practices which are not defensible. The chief offenders have been the concerns in which the large packing companies are interested, especially Swift & Co., Morris & Co., and Wilson & Co., Inc., and, in addition to the packers, the American Agricultural Chemical Co.

It has been shown that these companies have used certain methods mentioned in the introductory section of this chapter, two of which stand out more prominently than any of the others; namely, fixing the channels of trade by means of a division of customers, and bidding up prices of raw material, not on account of the market value, but with the obvious intent of forcing competitors out of business. The intent in such cases is made all the more palpable by the fact that as soon as the competitor was eliminated, prices were again depressed. Apparently with the same objective in view, it has been shown that combinations or individuals have practiced misrepresentation of competitors and enticement of their employees, have persuaded customers to break their contract with competitors, have practiced espionage, paid bonuses to take away competitors' trade, and have established bogus competitors.

With such practices as these brought to bear upon them, the small rendering concerns in many cases have found it impossible to continue in business and have failed or have been forced to sell to those who practiced these methods against them. In other cases the independent competitor has cast in his lot with his oppressors.

CHAPTER V.—THE CHICAGO STOCKYARDS.

SECTION 1.—GENERAL STATEMENT.

When the Commission began the inquiry into the Chicago stockyards for the purpose of ascertaining, among other things, in whom the ownership and control of these yards was vested, it was found that while the operations of the yards were carried on by an Illinois corporation the ownership of the yards was vested in a New Jersey corporation. It was also developed that a Maine company, though owning less than one-fourth of the stock of the New Jersey company, nevertheless, by virtue of certain contractual relations, is entitled to receive all of the surplus earnings of the New Jersey company and of its subsidiary companies over a certain per cent. Although these contractual relations do not carry any ownership control of the properties of the New Jersey company, this Maine company exercises a practical control over the affairs of the New Jersey company,

because of the fact that the stockholders of the Maine company attained at one time a majority representation in its management, which they have continued to maintain.

The Commission's inquiry developed that the following companies were closely interrelated and subject to the control of the Chicago Stock Yards Co. of Maine (hereinafter designated the Maine company).

(1) The Chicago Junction Railways & Union Stock Yards Co. of New Jersey (hereinafter designated the New Jersey company).

(2) The Union Stock Yard & Transit Co. of Illinois (hereinafter designated the Yards company).

(3) The Chicago Junction Railway Co. of Illinois (hereinafter designated the Railway company).

(4) The Chicago Junction Railroad Co. of Illinois.

(5) The Central Manufacturing District of Illinois.

(6) The Chicago River & Indiana Railroad Co. of Illinois.

The Chicago Junction Railways & Union Stock Yards Co. of New Jersey was incorporated in 1890. It was formed as an investment company, for the purpose of acquiring the stock of the Union Stock Yard & Transit Co. of Illinois. Although it soon secured all but 2 per cent of this stock, it did not succeed in acquiring the entire issue till 1913.

The Union Stock Yard & Transit Co. of Illinois was incorporated in 1865. This corporation is actually an operating company, engaged in furnishing facilities for the marketing of live stock at the great central market in Chicago. In receipts of live stock and of earnings realized it ranks as the most important stock yards in this country.

The Chicago Junction Railway Co. was organized in 1898 for the purpose of acting as an operating company to furnish transportation and switching facilities in conjunction with the operations of the stockyards, and for the plants located in the vicinity of the stockyards. The facilities of this company, however, have been continually extended and, at the present time, the volume of the services which it performs in its daily operations have reached such a magnitude in the aggregate that the company is readily recognized as one of the most important links of the great railway systems centering in Chicago. The stock of this company is also owned by the New Jersey company.

The Chicago Junction Railroad Co. is the name given to the elevated railway line which provides for the transportation of passengers within the stock yards. The capital stock of this company is also entirely owned by the New Jersey company.

The Central Manufacturing District, ownership of which is evidenced by certificates of beneficial interest held by the New Jersey

company was organized (by that company) to take over investments which the New Jersey company had made in land adjacent to the Union Stock Yards of Chicago. It operates primarily as a land development company and owns about 375 acres of what is considered among the best land now available as sites for manufacturing enterprises in Chicago. There have already been located on land developed by this company some of Chicago's most important establishments. This investment is rated at a value far in excess of the value at which it is carried on the books of the New Jersey company, and there are already signs that in the future the annual income of the New Jersey company will be greatly increased by earnings from this source.

The Chicago River & Indiana Railroad Co., one-half of the stock of which is owned by the New Jersey company, the other half being owned by Richard Fitzgerald, president of the Chicago Junction Railway Co., is a small railway line operating in Chicago. The New Jersey company has materially assisted this company in obtaining funds in the past and at the present time is the guarantor of bonds which have been issued by the company.

In addition to the investments described above, the New Jersey company has other investments, of less importance, which will be referred to in the main body of this report. The control and surplus usufruct of all these properties, the value of which in 1913, it has been said, was in excess of $50,000,000, was acquired by the promoters of the Maine company through the investment of $1,000,000. The conditions which made possible the acquisition of the control of these properties by the Maine company did not necessitate the actual investment of this $1,000,000, this sum having been provided, as one of the promoters of that company has stated, for its "moral effect."

A schedule was sent by the Commission to the Chicago Stock Yards Co. of Maine requesting information concerning the ownership of its stock. From the reply which was received it was learned that 79,990 of the 80,000 shares of stock issued and outstanding, were held in the name of F. R. Pegram, the treasurer of the company, as trustee. The other 10 shares were held in the names of the directors of the company, who were found to be employees of the Corporation Trust Co. of Portland, Me.

F. R. Pegram, who was later found to be an employee in the office of F. H. Prince & Co., of Boston, Mass., in reply to the Commission's inquiry, asserted that his books did not show the names of the real owners of the stock for whom he was acting as trustee.

Further inquiry by the Commission showed that Pegram was acting as trustee under a provision of the by-laws, whereby "bearer warrants" had been issued in exchange for certificates of stock de-

posited with him. These certificates of stock upon deposit ceased to be a necessary instrumentality for the exercise of voting privileges and the securing of dividends declared by the company.

The bearer warrants were an ingenious device for the concealment of the names of the real owners of the Chicago Stock Yards Co. of Maine, and the Commission therefore conducted an intensive study of this company and of the conditions which had brought about its formation. From the information obtained in the course of this study it appears:

That the formation of the Chicago Stock Yards Co. of Maine, in 1911, by F. H. Prince, of Boston, Mass., and J. O. Armour, of Chicago, Ill., marked the successful execution of the plan of these men to acquire the control of the Union Stock Yards of Chicago, which since 1890 had been held by the New Jersey company, and to secure for themselves the large surpluses of the various companies—surpluses then accrued but partly undisclosed, and anticipated surpluses of the future.

That Prince and Armour were enabled successfully to gain advantages at the expense of the stockholders of the New Jersey company because of favorable conditions created by demands for a share in the earnings of the stockyards of Chicago which were made upon the New Jersey company after 1906 by the three big packers, Armour, Swift, and Morris. Demands of a similar character had been advanced and only temporarily satisfied in 1891. At that time the directors of the New Jersey company, after threats which these three big packers made of removing their plants from the yards at Chicago, gave them $3,000,000 as an inducement to remain, and by so doing immediately subjected the company to legal attacks from dissenting stockholders and other packers who had not shared in the payment of the bonus. The renewed demand of the three big packers for participation in the earnings of the Chicago stockyards in 1906 caused an uncertainty in the minds of the stockholders as to the future earnings of the company, and thus brought about the conditions which inured to the benefit of those seeking control.

That in addition to Armour's share in the stock of the Maine company, there are indications that the demands of the packers for a share in the earnings of the stockyards have been, at least partly, satisfied by the receipt of certain bonds which had formerly been held in the treasury of the Maine company.

That the New Jersey company and the Maine company both represent financial superstructures which absorb the large earnings of the underlying operating companies. The income thus absorbed is distributed in the form of interest and dividends to the holders of bonds and stocks of the two holding companies aggregating $37,110,000, which when issued did not increase the working capital of the operating companies from whom this income is derived.

That $1,853,000 of the earnings of the operating companies is taken up annually by the holding companies in the form of dividends paid by those operating companies on their present capitalization of $18,700,000, which capitalization it appears has grown out of an original cash investment by the stockholders of only $1,000,000 and which capitalization represents in part therefore the capitalization of an increment in property values and in part the capitalization of surplus earnings. By the erection of financial superstructures and the practice of increasing the capitalization of the operating companies an effective method has been provided for concealing the extent to which excessive charges have been levied on the public for services rendered by the operating companies. To this policy of concealing the magnitude of the profits derived from the operation of the Chicago stockyards has also been added the practice of carrying unrevealed assets on the books of the various companies.

The facts brought out by this inquiry supporting the conclusions expressed above are presented in the text of this report in the form of an historical account. The subject matter is arranged in the following order:

A brief sketch is first given of the history of the formation of the Union Stock Yard & Transit Co. in 1865, including such facts relating to the financial history of the Yards company down to 1890 as have been obtainable. This is followed by a description of the formation of the New Jersey company; the facts connected with the attempts of that company to satisfy the demands of the three big packers and the legal difficulties encountered by so doing.

Following this is a sketch of the financial activities of the New Jersey company in relation to the Yards company and other associated enterprises from the time of its attempts to satisfy the demands of the packers in 1891 until the renewal of their demands in 1906. The next subject matter treated relates to the reluctance of the New Jersey company to grant the packers a bonus while the legality of such an act was in question. Mention is then made of the test case (the Pfaelzer case) started in the Commerce Court for the purpose of establishing the legality of the bonus which the New Jersey company proposed to pay to a certain party named Pfaelzer. This is followed by a description of the plan of Prince and Armour for the formation of the Maine company and the methods employed in accomplishing its formation. This description also deals with the absorption of part of the surpluses of the New Jersey company and its subsidiary companies by the Maine company, that is, by Prince and Armour.

The report thereafter gives evidence showing that Swift and Morris expected to benefit as a result of the formation of the Maine company. It is this evidence, coupled with the fact that the records

of the Maine company disclosed lack of regularity in the handling of certain treasury bonds of the company, which gives rise to the surmise that the demands of these packers may have been partly satisfied by the receipt of these bonds.

The report closes with a description of the financial conditions of the companies connected with the Chicago stockyards and controlled by Prince and Armour.

UNION STOCK YARD AND TRANSIT CO., OF ILLINOIS.

SECTION 2.—CONSOLIDATION OF CHICAGO LOCAL LIVE STOCK MARKETS.

The Union Stock Yard & Transit Co. was incorporated under the laws of the State of Illinois by virtue of a special act approved by the legislature of that State on February 13, 1865, which granted to the company a perpetual charter permitting it to acquire land on which to construct and operate a stock yards in the city of Chicago and to build tracks to connect with all railroads centering in that city over which live stock and other freight consigned to or from the yards might be transported.

Prior to the formation of the Union Stock Yard & Transit Co. the railroads centering in Chicago over which shipments of live stock were made, had individually maintained small yards or receiving stations at which live stock were unloaded and sold. The Union Stock Yard & Transit Co. represented an attempt to consolidate all the then existing facilities for shipment and sale of all live stock entering or leaving the city of Chicago.

The plan was made possible through an agreement reached by nine railroads handling shipments of live stock to and from Chicago by which it was agreed that they would give up the yards they were then maintaining in widely separated sections of the city and that in the future such live stock business would be handled through the Union Stock Yard & Transit Co. These nine railroads were as follows:

The Pittsburgh, Fort Wayne & Chicago Railway Co.; the Michigan Southern & Northern Indiana Railroad Co.; the Michigan Central Railroad Co.; the Chicago & Great Eastern Railroad Co.; the Chicago, Burlington & Quincy Railroad Co.; the Chicago & North Western Railway Co.; the Chicago, Rock Island & Pacific Railroad Co.; the Chicago & Alton Railroad Co.; and the Illinois Central Railroad Co.

SECTION 3.—CAPITALIZATION AND DIVIDENDS.

The Yards company commenced business with a paid in capital of $1,000,000. The nine railroads mentioned above contributed $925,000 of this amount, some other outside interests having been permitted to contribute $75,000. Early in 1867 the capital stock

was increased to $1,100,000 by a 10 per cent stock dividend on its original capital. The next increase in the capital stock of the company was made in 1873 at which time $1,100,000 of new stock was issued thus making the total outstanding capital stock of the company $2,200,000. Three years later, in 1876, the capital stock was again increased 100 per cent by the issue of $2,200,000 of new stock. The capital stock of the company remained at $4,400,000 until 1881. In that year the stockholders voted to increase the capital stock of the company to $13,200,000. Since 1881, a period of nearly 40 years, no further increases have been made in the capital stock of the company.

The Yards company proved to be a very successful undertaking from the first year of operation, a 10 per cent dividend having been declared out of the first year's earnings. This dividend rate was maintained until the end of 1873. The following year the company paid 15 per cent dividends on an increased capital of $2,200,000. In 1875, 20 per cent dividends were paid. In 1876, when a 100 per cent increase in the capital stock again took place, the dividend rate was lowered to 10 per cent thus causing no actual change in the amount of money paid to the stockholders in the form of dividends. This rate was maintained each year until 1881, at which time the capital was increased to $13,200,000, except during 1879 when an extra dividend of 5 per cent was paid.

SECTION 4.—DIFFICULTIES ENCOUNTERED IN OBTAINING DETAILED FINANCIAL DATA.

The minutes of the directors and stockholders meetings from which the above facts were obtained failed to record for a number of years all of the dividends paid subsequent to 1881. It has been ascertained, however, that the Yards company paid regular dividends at the rate of 13 per cent on its $13,200,000 of capital stock continuously from 1891 to 1918.

The Commission endeavored to secure more detailed information which would show whether the periodical increases in the capitalization of the company from $1,100,000 to $13,200,000 were brought about by cash subscriptions on the part of the stockholders, or merely represented the distribution of the surplus in the form of stock dividends, but owing to the fact that all of the accounting records of the company prior to 1905 have been destroyed, no definite data on this point could be obtained.

The wording of the resolutions authorizing the increases of capital stock from $1,100,000 to $13,200,000 points to the fact that these increases were always preceded by appraisals of the properties owned by the company, the values thus established serving as a basis for the increase in the capitalization which followed. This

would be an unusual course to pursue were the capital increases to represent the investment of new funds supplied by the stockholders, and it indicates that all of the present capital of the Yards company amounting to $13,200,000 with the exception of the $1,000,000 originally paid in by the stockholders in 1865, represents the distribution of the surplus of the company in the form of stock dividends. This indication is supported by the fact that in the case of those other stockyards companies whose early financial history could be studied from the accounting records, numerous instances of capital stock increases were found to have been made as a result of dividing the surplus among the stockholders of the company in the form of stock dividends.

It must be noted that the large surpluses of stockyards companies out of which stock dividends have arisen did not always represent accumulated earnings from operations but were to a very large extent due to enhanced market values of the properties established by periodical appraisals. While the resolutions authorizing the increases of the capital stock of the Chicago stockyards, referred to above, leave no doubt that the capital stock increases were based upon stock dividends, they do not yield any definite information as to the extent to which accumulated earnings were retained by the company and included in the surplus distributions.

It was difficult to obtain authentic information from the management of the company concerning its early financial history. The only statement elicited by the Commission in reply to its inquiries on this point is contained in the following letter written by J. A. Spoor, chairman of the board of directors of the company, who for more than 20 years has had a most active part in the management of the yards:

The Chicago Junction Railway Company. The Union Stock Yard and Transit Company. J. A. Spoor, Chairman of the Board.

CHICAGO, *May 21, 1919.*

Mr. S. W. TATOR, *Examiner,*
Federal Trade Commission, Washington, D. C.

DEAR SIR: I have received from Mr. Wooden a memorandum of certain information you desire to have from our books and from me.

I might say that in a recent decision it has been held that the Union Stock Yard & Transit Company of Chicago is a common carrier and this decision would seem to take the Company from under the jurisdiction of the Federal Trade Commission and relieve us from the obligation of making reports to it. Nevertheless I am glad to hand you herewith copies of the Minutes of special meetings of the stockholders designated in your inquiry.

As the examiners of the Commission know, there are in existence no books or records of the Union Stock Yard & Transit Company of Chicago prior to the year 1905. This is a source of great regret to me because I, personally, did not become connected with the Company in any capacity until the year 1898 and the absence of such books and records makes it impossible for me to verify the legend of the Company and I believe to be the fact, to wit: that all increases in capitalization made in the earlier

years of its existence represented either actual cash invested or its equivalent in property or earnings.

I am, however, able to state with assurance that the Union Stock Yard & Transit Company of Chicago is very conservatively capitalized and that the value of its tangible property far exceeds the par value of its outstanding stock and obligations.

I regret that I am unable to furnish you copies of financial statements made between the years 1865 and 1891 inclusive. There are no such statements in existence and no books from which copies could be drawn. Indeed, I do not know whether any such statements were furnished the stockholders during the years in question.

Referring to your inquiry touching donations of land and money made by the Company. I append hereto a statement giving the information you request so far as I have any personal knowledge of the same.

Very truly yours,

[Signed] J. A. Spoor.

While this letter does not furnish any additional information of a positive character on this subject, it is apparent that Mr. Spoor, the author of the letter, is aware that some of the present capital stock of the company represents the capitalization of increased property values or earnings.

SECTION 5.—EARLY MANAGEMENT EXERCISED BY RAILROADS.

From 1865 to 1892 the majority of the directors who managed the Yards company were officials of the railroads which had originally organized the company. The earnings of the company were almost entirely derived from yardage, feeding, loading, unloading, and trackage charges. The trackage charges until 1894 had only been made for dead freight passing over the tracks owned by the company, as the railroads had not permitted the Yards company to collect trackage on shipments of live stock. The yardage and feeding charges were paid by the shippers who used the facilities of the yards for the sale of their live stock. The loading and unloading charges as well as the trackage charges were collected by the Yards company from the railroads, these charges having been absorbed by the railroads and made a part of the freight rate charged to the shippers.

The loading and unloading charges had been established in 1867 by agreement with the railroads who owned the yards for the specific purpose of furnishing the Yards company with an additional source of income. In 1894, a few years after the control of the Yards company had been acquired by new financial interests, a controversy arose, over the imposition of a trackage charge on live stock, between the railroad interests represented by four members of the board of directors and the new interests who had now acquired control of the management of the yards. The seven members of the board of directors representing the new interests voted in favor of the imposition of the trackage charge, whereupon the four directors representing the railroads resigned after filing a protest that

the railroads could not absorb the charge. A copy of the records of the directors' meeting in which the written protest of the railroad officials is embodied is presented as Exhibit 7 on page 314 of this report. Since the withdrawal of these officials the railroads have had no representation on the board of directors.

As already noted, no increases were made in the capital stock of the Yards company after 1881, a new policy having been inaugurated in 1890 by the financial interests that had acquired control of the yards at that time, by which policy the surplus earnings of the yards were absorbed by new companies formed for that purpose. The Chicago Junction Railways & Union Stock Yards Co. of New Jersey, formed in 1890 for the purpose of securing the control of the Yards company, represents the first instance of this kind, and a detailed account of its financial history follows.

THE CHICAGO JUNCTION RAILWAYS & UNION STOCK YARDS CO. OF NEW JERSEY.

SECTION 6.—THE FORMATION OF THE NEW JERSEY COMPANY.

In 1890 a holding company, known as the Chicago Junction Railways & Union Stock Yards Co., was organized under the laws of New Jersey for the purpose of acquiring the stock ownership of the Union Stock Yard & Transit Co. of Chicago, Ill. The history of the formation of the New Jersey company, based upon data obtained from the records of that company, can be summarized as follows:

Nathaniel Thayer and Richard Olney, of Boston, Mass., the former at that time president of the Union Stock Yard & Transit Co., made an arrangement early in 1890 with the stockholders of that company whereby at least 98 per cent of the outstanding stock of the company was to be deposited with them as trustees. This trust agreement had been made preparatory to the consummation of another agreement these gentlemen made with F. H. Prince, of Boston, Mass., and H. Osborne O'Hagan, an Englishman, dated June 21, 1890. The latter agreement provided that all the stock deposited with Thayer and Olney was to be sold to the newly organized New Jersey company through the agency of Prince and O'Hagan.

The New Jersey company contracted to pay $150 a share for the stock, of which price $100 was to be paid in cash and $50 in bonds of the new company. In order, therefore, to provide the necessary funds to carry out this arrangement the New Jersey company issued $10,000,000 of 5 per cent bonds and $13,000,000 of stock. The bonds were secured by depositing with a trustee, as collateral, 120,000 shares of the Yards company stock acquired under the above arrangements. The new stock which was now issued was equally

divided between common and preferred, the latter class having full voting privileges but limited to a 6 per cent dividend.

The records of the New Jersey company show that 129,770 shares of the Yards company stock were secured from Prince and O'Hagan in July, 1890. This represented slightly over 98 per cent of the $13,200,000 of Yards company stock outstanding. Under the terms of the agreement the amount to be paid in cash and bonds for the stock acquired would be $19,465,500. The stock, however, was entered on the books of the New Jersey company at a value of $22,587,283.90. After making allowance for $421,783.90, representing dividends on this stock, which was included in the above amount, it is evident that $2,700,000 was added to the contract price to cover the promoters' fees and other expenses connected with the organization of the new company.

While under examination by a representative of the Commission, F. H. Prince admitted that he and O'Hagan received $1,500,000 as a commission for acting as promoters. What happened to the balance of $1,200,000 the Commission is unable to determine, as the records available did not contain sufficient details of the transaction to make this clear.

It is obvious from this sketch that from a financial viewpoint the formation of the New Jersey company meant only the capitalization of the accumulated and potential earnings of the stockyards in Chicago, introducing a new group of financial interests and an imposition of capital obligations amounting to $23,000,000 without augmenting the working funds of the Yards company.

SECTION 7.—DEMANDS OF ARMOUR, SWIFT, AND MORRIS FOR A SHARE IN THE EARNINGS OF THE COMPANY.

In the course of his examination by the Commission's representative, F. H. Prince also made statements tending to show that the New Jersey company owes its existence partly to the inability of Nathaniel Thayer as president of the Yards company to satisfy the demands of the three big packers, Armour, Swift, and Morris, for a share in the earnings of the company and a voice in its management. In view of the fact that in the first meetings of the board of directors of the New Jersey company plans were considered whereby the packers would become managerial and profit-sharing factors in the stockyards of Chicago, credence may be given to the assertion that the three big packers had made concerted demands of this nature before the holding company was formed. Furthermore, a review of the wide range of schemes thus considered shows that none of them would have been possible of consummation by the Yards company operating under the restricted charter granted by the State of Illinois in 1865.

A study of the Annual Review of the Chicago Economist of January, 1891, furnishes evidence that the New Jersey company had been formed at a time when a state of uncertainity existed as to the continuance of the large earnings of the Chicago stockyards. In the above publication mention is also made of the fact that the public was reluctant to purchase the stock of the new company, there being a possibility of a break between the three big packers and the stockyards' interests which would result in a considerable reduction of the large earnings of the yards.

This agrees with Mr. Prince's assertion that the New Jersey company was confronted immediately after its formation with the necessity of satisfying the three big packers by granting them liberal concessions. The existence of such a condition of affairs may also explain why the stockholders of the old company had been willing to relinquish their holdings in a company which had always yielded a large income on its investment.

SECTION 8.—THE TOLLESTON LAND PURCHASE BY THE THREE BIG PACKERS.

It appears from the records of the New Jersey company, as well as from other sources, that the three big packers, Armour, Swift, and Morris, jointly purchased about 4,000 acres of land in Indiana in 1890, within 25 miles of Chicago and familiarly referred to as "the Tolleston land purchase." They announced their intention of constructing a stockyards on part of this land and of moving their plants and other establishments from Chicago to the new location. The packers let it appear to the public at large that they were induced to purchase the Tolleston land because of crowded conditions and lack of available sites for future expansion at the Chicago stockyards. They also announced that inducements would be offered to persuade other packers to remove their plants and establishments and to locate them at Tolleston.

In order to provide temporary facilities for their immediate use, the packers also purchased a small tract of land near their plants in Chicago, erected platforms, pens, and sidetracks for handling live stock shipped to them. These new yards they called the Central stockyards. They then demanded that cars of live stock consigned to them be delivered over the tracks owned by the Yards company free from the yardage and charges collected by that company on all stock handled through its yards. Upon refusal by the Yards company to comply with their demands, a suit was instituted by the three packers in the Chicago courts to force the company to do so.

In order that the situation created by the purchase of the Tolleston land may be properly understood it should be noted at this point that charges have been made at various times that the announcement

y the three big packers of their intention of dismantling their lants at Chicago and of establishing stockyards and plants at 'olleston, Ind., was not made in good faith. It has been asserted hat the tract of land at Tolleston was wholly unimproved and barren; o a considerable extent swamp land and under water; that it had no pecial adaptability for a stockyards business; that the land had riginally been purchased at an average price of $30 an acre, or a otal cost of about $120,000 for the whole tract, and that the purhase of this land was merely a move made to forestall any unwillingess on the part of the stockholders of the New Jersey company to cquiesce in any arrangements which the directors of the company night make in order to meet the demands of the packers for a share n the earnings of the Chicago stockyards and a representation in its nanagement.

The sincerity of the intentions expressed and the reasons advanced y the three big packers as the motive by which they were actuated n purchasing the Tolleston land have been justly questioned. It vould appear that had these packers been prompted solely by their eed for more building space for future expansions and by the crowded onditions in the Chicago stockyards, they would have demanded n their negotiations with the New Jersey company which subseuently took place, that greater facilities be put at their disposal n the Chicago yards. Instead, these negotiations dealt solely with he question of securing for the packers the largest possible share n the earnings from the Yards, and a voice in the management.

ECTION 9.—TENTATIVE BONUS AGREEMENT OF JULY 3, 1891, WITH THE THREE BIG PACKERS.

Official announcement was made to the directors of the New Jersey ompany at a meeting held May 11, 1891, of the steps taken by the ackers in instituting the suits against the Yards company and of heir announced intentions to remove their plants to the Tolleston and, and a committee was immediately appointed to negotiate with hem. The personnel of this committee changed subsequently, but vhen its report was submitted to the directors of the company, on uly 8, 1891, it consisted of Chauncey Depew, of New York; Nathaniel 'hayer, of Boston; and F. H. Winston, of Chicago.

Before the terms of the agreement which was subsequently conummated between the New Jersey company and the three big ackers are taken up, it is well to have clearly in mind the general rinciples which had to be considered by the directors of the New ersey company in arriving at their decision on the terms.

First. The terms of the payments to be made to the packers had o be so arranged as to reduce to a minimum the possibility of the tockholders withholding their approval.

Second. The agreement had to be so framed as to generally convey the idea that it grew out of the ordinary necessities of the stockyards business and was not a bonus pure and simple.

The above committee after negotiations with the packers submitted an outline of a tentative agreement, which had been drafted on July 3, 1891. It contained provisions whereby the New Jersey company would give to the three big packers $3,000,000, of which amount $1,000,000 was to be common stock of the company, and P. D. Armour was to be made a director. The packers obligated themselves in turn to convey to the Yards company the property known as the Central stockyards and 1,000 acres of the Tolleston land. They agreed also to dismiss the suits that had been pending in the Chicago courts and pledged themselves to continue their business at the yards for 10 years. This tentative agreement was never carried out because the concessions granted to the packers were found to be too liberal. The common stock of the New Jersey company had become more attractive to investors since the stock had been first offered for subscription, due to the fact that the packers had shown signs of their willingness to remain in the Chicago yards and the company, therefore, could not easily carry out the agreement to give the packers $1,000,000 of its common stock. The terms under which the remaining $2,000,000 were to be paid were also found to be too exacting for the New Jersey company. On the other hand the obligation of the packers to do business at the Chicago stockyards for a period of 10 years only was not considered commensurate with the remuneration to be given them by the New Jersey company.

SECTION 10.—THE LONDON AGREEMENT OF JULY 27, 1891.

On July 27, 1891, an agreement was drawn up in London by a commitee composed of representatives of the New Jersey company and of the packers. In this agreement while the principle of paying the packers $3,000,000 was maintained, the provision whereby the New Jersey company obligated itself to give the packers $1,000,000 in common stock was eliminated. The packers in turn agreed to continue doing business at the yards for a period of 15 years.

It appears that the three big packers had organized a company known as the Tolleston Stock Yards Co., with a capital of $1,000,000. This company proposed to build a stockyard on the 1,000 acres of land, which, according to the tentative agreement of July 3, 1891, were to be conveyed to the New Jersey company. An issue of $2,000,000 of bonds was authorized for this purpose.

The London agreement in giving the packers $3,000,000 as originally contemplated aimed to clothe this bonus with the appearance of having accomplished the acquisition of a going stock yards concern. It therefore provided that the New Jersey company would purchase

from the packers the $1,000,000 of stock issued by the Tolleston Stock Yards Co. and would guarantee the payment of the principal and interest on the Tolleston Co.'s $2,000,000 of bonds. These bonds were to be retained by the packers.

Following the announcement, that an agreement between the packers and the directors of the New Jersey company had been signed in London several suits were started in the courts of New Jersey by stockholders of the New Jersey company contesting the legitimacy of the directors' acts. These suits had a retarding effect on the consummation of the agreement. A decision rendered by the vice chancellor of New Jersey in one of these suits known as the Ellerman case, which was instituted as a test case by the directors of the New Jersey company, upheld the validity of the London agreement. The directors of the company, however, discouraged by the determined opposition of the stockholders, deemed it advisable to draw up a new contract containing terms more liberal for their company than those incorporated in the London agreement. Furthermore, the directors by taking over the Tolleston stockyards as a going concern, while having no intention of immediately extending the business of the Chicago stockyards to Tolleston would have laid themselves open to possible attacks of having misrepresented the use to which the company's funds had been put.

SECTION 11.—FINAL BONUS AGREEMENT OF JANUARY 15, 1892.

These considerations led to the drawing of a new agreement on January 15, 1892, which marked the final consumation of the negotiations which had been in progress since May, 1891. The new agreement provided for the issuance of $3,000,000 of 5 per cent 15-year noncumulative income bonds by the New Jersey company, the interest on these bonds to be payable only after (and if) the income of any year was sufficient to pay interest on the $10,000,000 of bonds already issued by the New Jersey company, and after 6 per cent dividends had been paid on the preferred stock. The preferred stock, it wil be recalled, carries full voting rights, and, therefore, by giving the preferred stockholders a prior claim on the profits of the company over the holders of the income bonds, the possibility of meeting with opposition from the preferred stockholders was reduced to a minimum if not entirely removed. The directors also reserved the option of delivering to the packers shares of common stock of the New Jersey company at par in lieu of the whole or any part of the $3,000,000 of income bonds, and afforded the dissatisfied common stockholder, who might see his income jeopardized by the issuance of income bonds that had a prior claim on the profits of the company, an opportunity to exchange his stock for income bonds.

The provision of the London agreement by which the New Jersey company was to acquire the 1,000 acres of Tolleston land through the purchase by it of the capital stock of the Tolleston Stock Yards Co. was eliminated. Instead, the 1,000 acres of land were conveyed to the New Jersey company, not in the guise of a going concern, but directly as a valuable piece of property. A clause was inserted in the preamble to the agreement to the effect that the 1,000 acres of land was acquired for the purpose of providing suitable premises for the business of stockyards in case the New Jersey company should thereafter find it necessary to remove the Chicago yards by reason of the growth of the city of Chicago, or municipal ordinances or legislation or other causes.

No steps were taken by the directors of the New Jersey company to execute the agreement of January 15, 1892, until it had been ratified at a special meeting of the stockholders on March 1, 1892. At the same time an appeal was made to the common stockholders to exchange their holdings for 5 per cent income bonds to the amount of $3,000,000 in accordance with a clause of the agreement of January 15, 1892. The appeal met with no response owing to the fact that the New Jersey company had already begun to pay dividends on the common stock at the rate of 8 per cent per annum. The harmonious relations which had now been established between the company and the three big packers was also a contributing factor in adding to the attractiveness of the common stock as an investment. The agreement was finally consummated by the delivery to the three big packers of $3,000,000 of 5 per cent noncumulative income bonds in July, 1892.[1] The same year the packers were given a representation in the management of the Chicago stockyards through the election of two of their representatives, A. H. Veeder and E. J. Martyn, to the board of directors of both the New Jersey company and the Yards company.

SECTION 12.—THE BONUS AGREEMENT WITH THE SMALL NONASSOCIATE PACKERS AND OTHER BONUS AGREEMENTS.

Before the agreement between the three big packers and the New Jersey company was finally consummated, 12 small Chicago packers doing business at the yards instituted suits against the company in the Chicago courts charging that discrimination had been practiced against them in favor of the three big packers. These small packers had been restive for some time past, having threatened to remove their plants and establishments from their locations in and adjacent to the Chicago stockyards and to locate them at a new site known as

[1] These bonds were retired in 1900, at which time the New Jersey company issued its 40-year 4 per cent collateral trust gold bonds, and used part of the proceeds from the sale of these bonds to pay off the principal of the income bonds then outstanding.

the Stickney tract. The three big packers had originally stirred up the small packers by offering them inducements to join them at the Tolleston tract in order to strengthen their own position in dealing with the officials responsible for the management of the yards, but differences subsequently arose between the two groups of packers, and the small packers decided on the Stickney tract. The following letter found in the files of the New Jersey company and written in February, 1892, by F. H. Prince, one of the promoters of the New Jersey company and a director of the company at this time, throws an interesting light on the turn which the relations between the three big packers and the 12 nonassociate packers took when the latter had learned that the former were to receive $3,000,000 from the directors of the New Jersey company:

F. H. Prince & Co., Bankers & Brokers, 288 State Street,

Boston, February 6, 1892.

William C. Lane, Esq.,

Secretary, Chicago Junction Railways & Union Stock Yards Co., New York, N. Y.

Dear Sir: Will you kindly obtain for me through the attorney, a printed copy of all the evidence in the different suits against the Company, that have been entered to date? What I want especially is the evidence of the small packers and their witnesses against the three big packers, and also the answer of the three big packers, wherein they both state that each other were attempting blackmail. Please send me copy of the new agreement that has been made with packers.

Very truly yours,

Confronted with the possibility of coming into conflict with the Interstate Commerce Act and with the Sherman Antitrust Act the directors of the New Jersey company hastened to reach an understanding with the small packers. By the terms of an agreement dated June 3, 1892, the New Jersey company contracted to pay the small packers $100,000 in cash and $300,000 in 5 per cent 15-year non-cumulative income bonds and the small packers in turn obligated themselves not to remove their plants to the Stickney tract. Funds to the extent of $300,000 for the bonus paid to the small packers were supplied by the three big packers, by repurchasing the Central stockyards for $100,000 in cash and by giving back to the New Jersey company, in exchange for 300 acres of the Tolleston land, $200,000 of the $3,000,000 income bonds, which the three big packers had received from that company.

The records of the New Jersey company do not show that any further payments were made to packers until 1900 other than those necessary in settlement of the $3,000,000 given to the three big packers and the $400,000 given to the 12 small packers in 1892. These payments, it should be noted, were made for the purpose of inducing the packers already established at the yards to continue doing business there. Beginning with 1900, the New Jersey company adopted a policy of granting cash bonuses for the purpose of

securing the establishment of new packing plants at the Chicago yards. As a result three packing companies were induced to establish plants at the Chicago yards, Schwarzschild & Sulzberger Co. receiving $540,000 in 1900; Anglo-American Provision Co. $200,000 in 1901; and Hammond & Co. $500,000 in 1902.

SECTION 13.—RENEWED DEMANDS OF ARMOUR, SWIFT, AND MORRIS FOR A BONUS, AND THE PFAELZER CASE.

The contract between the New Jersey company and the three big packers expired in 1906. The records of the New Jersey company show that about that time negotiations were in progress between a committee composed of representatives of the packers and of the New Jersey company with a view of renewing the contract which was about to expire. Serious obstacles seem to have been found in reaching a settlement that would not be in contravention of the law.

The contention was raised that through the ownership and control of the Chicago Junction Railway Co. the New Jersey company was restrained from giving to the packers a bonus by virtue of the Interstate Commerce Act. In 1910, the negotiations reached a point where it was decided to arrange for a test case with a view of getting a decision from the courts in passing upon the right of the New Jersey company to grant bonuses.

With this end in view, the company agreed to give $50,000 to Louis Pfaelzer & Sons, a small packing concern then located at the Chicago yards, for the purpose of rebuilding its plant which had been condemned by the Bureau of Animal Industry of the Department of Agriculture. The Interstate Commerce Commission thereafter asked the Commerce Court to enjoin the company from paying the $50,000. The Commerce Court held that the bonus could be paid. The case was then taken to the Supreme Court of the United States, which handed down a decision in 1912 overruling the decision of the Commerce Court and declared that the bonus, if paid, would be in violation of the law.

SECTION 14.—SIGNIFICANCE OF CERTAIN EVENTS FOLLOWING THE PFAELZER CASE.

It is of interest to note that most of the data embodied in the preceding pages of this report, especially that relating to the negotiations between the New Jersey company and the packers, was obtained from the records of the New Jersey company. A study of the same records beginning with 1910 shows that after the Pfaelzer case was brought before the courts no further efforts were made on the part of the New Jersey company to solve the recurring problem resulting from the demands of the packers for a share in the earnings of the company.

It would, however, be erroneous to conclude from this circumstance that the bringing of the Pfaelzer case marked the end of the packers' attempts to obtain some financial interest in the company's earnings. Evidence at hand, shows that while the New Jersey company as a corporate entity ceased to appear after that time as a party to any negotiations of this kind, one of the directors of the company whose official duties brought him into close contact with the packers continued to negotiate with them for the purpose of devising a plan that would constitute a permanent settlement of the packers' claims.

It has been found that without waiting for the final decision of the court, steps were taken in 1910 by F. H. Prince, vice president and director of the New Jersey company and J. O. Armour one of the three big packers who had made the demands upon the New Jersey company, to consummate a plan of their own for securing control of the surplus earnings of the New Jersey company through the formation of a new company to be known as the Chicago Stock Yards Co. of Maine. By acquiring this control, apparently, they thought they would put themselves in a position ultimately to satisfy the packers' demands regardless of any decision which the courts might render.

The history of the events relating to the activities of Prince and Armour and of their agents in consummating their plan opens up a new chapter in the history of the New Jersey company. This new chapter is replete with obscure elements, and great difficulty has been experienced in interpreting the great mass of evidence obtained in the form of testimony, letters, and other documents as well as accounting records, and in arriving at a final conclusion as to whether or not the demands of the packers were satisfied by the consummation of the plan.

Some of this evidence indicates that the plan of Prince and Armour was conceived and set in motion without the knowledge of the other directors of the New Jersey company and of Swift and Morris. It also shows that Swift and Morris were not identified either as promoters or as stockholders, when the new company was formed. And yet, it is an established fact that as the plan was developing both the directors of the New Jersey company and Swift and Morris came to look upon the new company as an agency which would redound, somehow or other, to the financial benefit of the packers. Other evidence pointed to Swift and Morris not only as beneficiaries of the Maine company plan, but as promoters and stockholders along with Prince and Armour.

Confronted with the task of harmonizing the conflicting evidence at hand the Commission did not rely solely upon testimony given by the packers concerning their relationship with the Chicago stockyards. For one thing, Armour & Co. failed to report the fact of

would be an unusual course to pursue were the capital increases to represent the investment of new funds supplied by the stockholders, and it indicates that all of the present capital of the Yards company amounting to $13,200,000 with the exception of the $1,000,000 originally paid in by the stockholders in 1865, represents the distribution of the surplus of the company in the form of stock dividends. This indication is supported by the fact that in the case of those other stockyards companies whose early financial history could be studied from the accounting records, numerous instances of capital stock increases were found to have been made as a result of dividing the surplus among the stockholders of the company in the form of stock dividends.

It must be noted that the large surpluses of stockyards companies out of which stock dividends have arisen did not always represent accumulated earnings from operations but were to a very large extent due to enhanced market values of the properties established by periodical appraisals. While the resolutions authorizing the increases of the capital stock of the Chicago stockyards, referred to above, leave no doubt that the capital stock increases were based upon stock dividends, they do not yield any definite information as to the extent to which accumulated earnings were retained by the company and included in the surplus distributions.

It was difficult to obtain authentic information from the management of the company concerning its early financial history. The only statement elicited by the Commission in reply to its inquiries on this point is contained in the following letter written by J. A. Spoor, chairman of the board of directors of the company, who for more than 20 years has had a most active part in the management of the yards:

The Chicago Junction Railway Company. The Union Stock Yard and Transit Company. J. A. Spoor, Chairman of the Board.

CHICAGO, *May 21, 1919.*

Mr. S. W. TATOR, *Examiner,*
Federal Trade Commission, Washington, D. C.

DEAR SIR: I have received from Mr. Wooden a memorandum of certain information you desire to have from our books and from me.

I might say that in a recent decision it has been held that the Union Stock Yard & Transit Company of Chicago is a common carrier and this decision would seem to take the Company from under the jurisdiction of the Federal Trade Commission and relieve us from the obligation of making reports to it. Nevertheless I am glad to hand you herewith copies of the Minutes of special meetings of the stockholders designated in your inquiry.

As the examiners of the Commission know, there are in existence no books or records of the Union Stock Yard & Transit Company of Chicago prior to the year 1905. This is a source of great regret to me because I, personally, did not become connected with the Company in any capacity until the year 1898 and the absence of such books and records makes it impossible for me to verify the legend of the Company and I believe to be the fact, to wit: that all increases in capitalization made in the earlier

years of its existence represented either actual cash invested or its equivalent in property or earnings.

I am, however, able to state with assurance that the Union Stock Yard & Transit Company of Chicago is very conservatively capitalized and that the value of its tangible property far exceeds the par value of its outstanding stock and obligations.

I regret that I am unable to furnish you copies of financial statements made between the years 1865 and 1891 inclusive. There are no such statements in existence and no books from which copies could be drawn. Indeed, I do not know whether any such statements were furnished the stockholders during the years in question.

Referring to your inquiry touching donations of land and money made by the Company. I append hereto a statement giving the information you request so far as I have any personal knowledge of the same.

Very truly yours,

[Signed] J. A. Spoor.

While this letter does not furnish any additional information of a positive character on this subject, it is apparent that Mr. Spoor, the author of the letter, is aware that some of the present capital stock of the company represents the capitalization of increased property values or earnings.

SECTION 5.—EARLY MANAGEMENT EXERCISED BY RAILROADS.

From 1865 to 1892 the majority of the directors who managed the Yards company were officials of the railroads which had originally organized the company. The earnings of the company were almost entirely derived from yardage, feeding, loading, unloading, and trackage charges. The trackage charges until 1894 had only been made for dead freight passing over the tracks owned by the company, as the railroads had not permitted the Yards company to collect trackage on shipments of live stock. The yardage and feeding charges were paid by the shippers who used the facilities of the yards for the sale of their live stock. The loading and unloading charges as well as the trackage charges were collected by the Yards company from the railroads, these charges having been absorbed by the railroads and made a part of the freight rate charged to the shippers.

The loading and unloading charges had been established in 1867 by agreement with the railroads who owned the yards for the specific purpose of furnishing the Yards company with an additional source of income. In 1894, a few years after the control of the Yards company had been acquired by new financial interests, a controversy arose, over the imposition of a trackage charge on live stock, between the railroad interests represented by four members of the board of directors and the new interests who had now acquired control of the management of the yards. The seven members of the board of directors representing the new interests voted in favor of the imposition of the trackage charge, whereupon the four directors representing the railroads resigned after filing a protest that

them. The New Jersey company stockholders were also given the option of exchanging their stock for 5 per cent bonds of the Maine company at the ratio of 2 to 1, that is, $200 in 5 per cent bonds would be given in exchange for each share (par value $100) of common stock. This would net them 10 per cent on the par value of their stock.

On June 30, 1911, the committee selected by Prince, consisting of Richard Olney, chairman, Samuel Carr, Guy Norman, S. L. Schoonmaker, E. V. R. Thayer, and F. R. Hart, secretary, submitted to the common stockholders of the New Jersey company the Plan given below. They submitted this Plan on behalf of the Maine company, which at that time had not as yet been formed, and advised its acceptance. It had been arranged that the Old Colony Trust Co. of Boston would act as trustee for the stockholders who were now asked to signify their assent to the Plan by affixing their signature to a form prepared for this purpose which was to be sent by the stockholders to the Old Colony Trust Co. of Boston to be held by the latter as trustee until such time as the committee, deciding that a sufficient number of assents had been deposited, would declare the Plan operative. The stockholders pledged themselves to present their stock certificates to the trustees immediately after the committee had taken such action and to permit the trustee to stamp their certificates with the guarantee of the Maine company as outlined in the Plan of June 30, 1911.

CHICAGO STOCK YARDS COMPANY

PLAN

Dated June 30th, 1911

RICHARD OLNEY, *Chairman*
SAMUEL CARR
GUY NORMAN
S. L. SCHOONMAKER
E. V. R. THAYER
F. R. HART, *Secretary*,
17 Court St., Boston, Mass.
Committee

Old Colony Trust Company, Trustee
Storey, Thorndike, Palmer & Dodge, Counsel

Chicago Stock Yards Company Plan, dated June 30th, 1911

On behalf of the Chicago Stock Yards Company, if and when formed (hereinafter called the New Company), it is proposed to the holders of common stock of The Chicago Junction Railways and Union Stock Yards Company, subject to the terms and conditions hereinafter set forth, as follows:—

To enter into a Trust Agreement, with such of said stockholders as may elect to become parties hereto, whereby (among other things) said assenting stockholders will

receive the guaranty and agreement of the New Company (by way of a stamp thereof on their respective stock certificates) to pay such stockholders, annually, the fixed sum of Nine Dollars in respect of each share of said stock, in quarterly instalments of $2.25 each. There is also extended to the holders of such stamped certificates the privilege of exchanging the same for Collateral Trust Bonds on the basis of $200 face amount of Fifty-year Five Per Cent. Collateral Trust Gold Bonds of the New Company, in such form and secured as the Committee may prescribe or approve for each share; which privilege shall remain in force until the New Company shall give or cause to be given in such manner, and for such period as the New Company, with the written approval of the Committee, may fix and determine, notice of the withdrawal and termination thereof.

The Old Colony Trust Company is hereby designated and authorized to receive from stockholders electing to become parties to this Plan stock certificates for the purpose of being subjected to the Trust Agreement and stamped as in the above Paragraph provided, and, pending the declaration by the Committee that this Plan has become and is operative, assents and agreements of stockholders, manifesting their election to accept this Plan and to become parties thereto.

This Plan and the said Trust Agreement shall become operative if and when in the opinion of the Committee it has become advisable to carry the same into effect.

Upon such declaration being filed with the Old Colony Trust Company, the New Company shall deliver to the Trust Company the Collateral Trust Bonds (or interim certificates temporarily representative thereof) which are deliverable to stockholders who shall at that time have elected to avail themselves of the provisions hereof.

The Trust Agreement shall be deposited with the Old Colony Trust Company.

Each and every holder of such common stock who shall deliver the certificate therefor or who shall deliver to the said Trust Company his assent to said Plan, as above authorized and provided for, shall thereby become a party to this Plan and the agreements herein contained with the same force and effect as if he had subscribed and affixed his seal to this Plan and the agreements herein contained.

Each such depositing or assenting stockholder agrees that, upon demand of the Committee or of the Old Colony Trust Company, he will from time to time execute such assignments, powers of attorney, and other instruments as the Committee shall deem necessary or proper to more fully effectuate the transfer of such stock certificates, the stamping of said guaranty thereon, the making of such stockholder a party to the Trust Agreement, and the accomplishment of the provisions thereof.

The Committee undertakes in good faith to promote the consummation of this Plan: but it is expressly understood that no member of the Committee assumes any responsibility for its success. No member of the Committee shall be in anywise liable because of the aforesaid offers or the promulgation of this Plan.

The Committee shall have power, in its discretion, from time to time, to extend the time within which the holders of any of the aforementioned common stock may deposit the same and become parties to the Trust Agreement, and in connection therewith to impose such terms and conditions as it shall see fit, including the making of a cash payment as a condition of becoming a party or parties; to provide that any member thereof may, with the approval of the other members, act and vote by proxy; to prescribe the form and terms of any securities for the issue of which provision is made in the said Plan and Agreement; to declare the aforesaid offers and this Plan operative if and when the Committee shall, in its discretion, deem that the amount of the deposited and assenting stock is sufficient to warrant such declaration, and the declaration of the Committee shall be final and conclusive upon all parties hereto; to provide, after the making of said declaration, if and when the Committee sees fit and upon such terms as it shall prescribe, for the acceptance of the said offer by holders of any of the aforementioned stock not deposited prior to such declaration; to carry out and effectuate this Plan in whatever manner the Committee shall at the time

deem most expedient, and, generally, to make and determine all arrangements and things which in its judgment are necessary or expedient to carry out this Plan; to construe this Plan and the appended Trust Agreement. Any such construction by the Committee, or any action under any such construction made or taken in good faith, shall be final and conclusive. Also to supply any defect or omission of or in this Plan or said Agreement or to reconcile inconsistencies in it in such manner and to such extent as shall, in the opinion of the Committee, be necessary or expedient to carry out the same properly and effectively, and the Committee shall be the sole judge of such necessity or expediency; and from time to time to make such modification of said Agreement as it shall consider necessary or expedient, provided it is consistent with its general purpose and does not change the price which the common stockholders shall receive for their shares or the terms of the guaranty thereon, in case of election to accept the guaranty. The New Company shall have power to make any and all adjustments of interest and dividends by it deemed fair and equitable in case of the exchange of any such stock or stamped certificate for bonds, and such adjustment shall be final and conclusive.

In the event of the resignation, death, or inability to act of any member of the Committee, the vacancy so caused shall be filled by the remaining members of the Committee.

All action of the Committee may be had and taken by a majority of its members.

In no event is any claim to be made against any depositing or assenting stockholder, or enforced by way of lien, or otherwise, against any of the deposited or assenting stock for which such certificates shall have been issued, for or on account of the charges or expenses of the Committee. The compensation of the Committee and of the Trustee and all expenses of the Committee and of the Trustee, in connection with the carrying out of this Plan and said Trust Agreement, shall be paid by the New Company.

No assenting stockholder shall have any interest in any of the shares of stock of the New Company or of the disposition thereof.

The provisions and benefits of this Plan and said Trust Agreement shall be confined strictly to the parties thereto in accordance with the terms and provisions thereof.

This Plan and said Trust Agreement shall be deemed, according to its terms, to bind and benefit the several parties thereto, their and each of their survivors, executors, administrators, and assigns.

RICHARD OLNEY, *Chairman*
SAMUEL CARR
GUY NORMAN
S. L. SCHOONMAKER
E. V. R. THAYER
F. R. HART, *Secretary*,
17 Court St., Boston, Mass.
Committee.

Boston, June 30th, 1911.

CHICAGO STOCK YARDS COMPANY

To the Old Colony Trust Company:

The undersigned hereby assents and becomes a party to the Plan dated June 30, 1911, and promulgated by Richard Olney, Samuel Carr, Guy Norman, S. L. Schoonmaker, E. V. R. Thayer, F. R. Hart, Committee, and the agreements therein contained and the Trust Agreement which may be formulated pursuant thereto; and elects to receive, in respect of each share of the Common Stock of The Chicago Junction Railways and Union Stock Yards Company standing in his name on the date hereof, the guaranty of the New Company to pay annually the fixed sum of Nine

dollars on each such share of Common Stock in quarterly installments of $2.25 each, in accordance with said Plan and said Trust Agreement, with the privilege of exchanging said guaranteed shares for collateral trust bonds as in said Plan and Agreement provided and subject to the conditions thereof, and agrees, on demand of the Old Colony Trust Company or of the Committee in said Plan mentioned to present to said Trust Company the Certificates for said shares of Common Stock for indorsement thereon of the guaranty and agreement in said Plan and Agreement specified.

The said right to exchange for collateral trust bonds may be cancelled upon thirty days' notice by the Directors of the New Company.

On presentation of such certificates the undersigned will receive in cash a sum equal to dividends accrued at the rate of 8 per cent. per annum, up to the date fixed by the Committee for adjustment.

Dated June 1911.

Name.	Address.	Number of shares.

SECTION 17.—FINANCIAL CONDITION OF THE CHICAGO STOCKYARDS IN 1911.

In order that the significance of the above plan may be fully understood, it is necessary to present an outline of the financial condition in 1911 of the New Jersey company and of its subsidiary companies. The New Jersey company, as has been shown on previous pages of this report, was organized in 1890 for the purpose of acquiring the stock of the Union Stock Yard & Transit Co. of Illinois. In the first year of its existence it acquired 129,770 of the 132,000 shares issued by the Yards company. Up to 1911 the New Jersey company had increased its holdings by 1,086 shares, leaving, at this time, 1,144 shares in the hands of outside stockholders.

This Yards company stock had yielded dividends each year at the rate of 13 per cent, this rate having been established and maintained after the New Jersey company acquired control of the yards. Up to 1898 the dividends received from the Yards company constituted practically all of the income of the New Jersey company.

In 1898 the New Jersey company formed the Chicago Junction Railway Co. by consolidating two small railway corporations, the stock of which had been acquired by the New Jersey company for $500,000. The new company issued capital stock to the amount of $2,200,000, representing the par value of the capital stock of the two companies thus merged. The Railway company took over the operation of the railway property owned by the Yards company under the terms of a lease whereby the Yards company was to be given, in lieu of a fixed rental, two-thirds of the net earnings of the Railway company. In 1910 the New Jersey company was receiving 6 per cent

dividends on the $2,200,000 of capital stock of the Railway company, which it owned, this rate having been established by the Railway company one year after its formation and maintained each year.

Both the Yards company and the Railway company had been accumulating a surplus from their earnings in addition to the annual dividends paid on their capital stock, and during 1909 and 1910 the combined earnings of these two companies in excess of dividends paid amounted to over $600,000 each year. On December 31, 1910, the surplus of the Yards company amounted to $2,014,692.41, while on June 30, 1911, the Railway company showed a surplus of $1,204,533.70. The surplus of both of these companies, however, was actually very much in excess of the amounts shown by the reports of the company, owing to the fact that considerable sums had been expended annually for a number of years in additions to and improvements of their properties, which were charged to operating expenses.

The New Jersey company had several other investments in addition to its holdings in the Yards company and the Railway company, but they were of minor importance at that time from the standpoint of income received. The income of the New Jersey company in 1910 amounted to about $2,000,000, and of this amount more than $1,800,000 was received in the form of dividends from the Yards company and the Railway company.

The income of the New Jersey company had been sufficient to pay interest on its bonded indebtedness, 6 per cent dividends on its preferred stock, and 8 per cent dividends on its common stock. The company had begun paying 8 per cent dividends to its common stockholders in 1891 and had maintained the same rate each year in spite of the large bonuses which it had given to the packers in 1892 and the subsequent bonuses of 1900–1903.

In 1910 the New Jersey company showed a surplus of $2,449,673.71. For several years prior to that date the company had been adding about $300,000 to its surplus account each year. This $300,000, if distributed in the form of dividends, would have enabled the New Jersey company to pay dividends to the common stockholders at the rate of 12½ per cent instead of 8 per cent.

It was shown above that the New Jersey company had several other investments, the income from which was not an important factor at that time in the total income received. Two of these investments are worth mentioning, however, at this point, in view of the fact that they were not carried on the books of the New Jersey company at their full value, thereby constituting hidden assets which, if carried at their actual value, would have materially increased the surplus of the New Jersey company. One of these investments consisted of bonds of the Indiana Harbor Belt Railroad, having a face value of $2,500,000, while the other was represented by manufac-

turing sites adjacent to the Yards company of Chicago, which were being developed by the Central Manufacturing District.

The $2,500,000 of Indiana Harbor Belt Railroad bonds were carried on the books of the New Jersey company at $50,000, this being the price at which the company had acquired them in 1907 from its subsidiary company, the Chicago Junction Railway Co. The latter company had received these bonds as part consideration for the sale to the Vanderbilt lines of a piece of its railroad property in 1907, known as the Outer Belt. The bonds which mature in 1957 are guaranteed as to principal and interest by the Lake Shore & Michigan Southern Railway and by the Michigan Central Railroad Co. The New Jersey company received interest each year amounting to $50,000 at the rate of 2 per cent on the face value of the bonds for five years after 1907. The rate was increased in 1912 to 3 per cent and in 1917 to 4 per cent, which rate will be maintained until the bonds mature and are paid in 1957.

The Central Manufacturing District was managed by trustees appointed by the New Jersey company, and had been formed for the purpose of developing extensive land purchases which the New Jersey company had been making for a number of years prior to 1911. The earnings of the Central Manufacturing District, however, had not been included, prior to 1911, in the income of the New Jersey Company, these earnings having been retained by the trustees for further reinvestment in improvements to the property.

As a result of the above policy, the books of the New Jersey company did not reflect the true value of the company's investment in the Central Manufacturing District, but merely represented the cost of that piece of property to the New Jersey company as measured by the money which had been taken out of the treasury of the company for this particular purpose. In 1911, the value of the Central Manufacturing District was carried on the books of the New Jersey company at a little over $3,000,000. Of this amount, $1,455,000 represented funds secured through the sale of real estate improvement bonds, the liability for which was assumed by the New Jersey company.

The additional value of the property that grew out of the reinvestment of the annual profits of the Central Manufacturing District was not included in the amount at which the investment was carried on the books of the New Jersey company, nor was the enhanced value of the property due to the location of numerous large enterprises on the property of the Central Manufacturing District shown.

The data obtained by the Commission on these points was not in sufficient detail to estimate the value of the Central Manufacturing District property in 1911 in excess of the amount recorded on the books of the New Jersey company. An interesting side light on this point may be gleaned, however, from the balance sheet of the Central

Manufacturing District for December 31, 1918, which places a value on the assets of the company of $12,967,898.17. Part of this amount was offset by $3,680,000 of bonds, $6,399,863.45 represented accumulated earnings, and $2,550,605.59 represented increment in land values.

In calling attention to the fact that the New Jersey company was not carrying its investment in the Central Manufacturing District at the full market value of the property in 1911, it is not to be understood that a policy is favored of recording enhanced values of this nature on the books of a company. It is desired to point out merely that the stockholders of the company who were asked to give their assents to the Plan of Prince and Armour were not told of the real value of the property and its actual and potential earning power, but other methods were employed which did not disclose the value of their properties.

In order to summarize the important points brought out in the preceding pages, relating to the financial condition of the New Jersey company, and of its subsidiary companies in 1911, it should be noted that the combined surplus of the New Jersey company, the Yards company and the Railway company, each of which has been stated individually, aggregated $5,668,899.82. It was also pointed out that certain investments of the New Jersey company were carried on the books of the company at less than their real value, and that both the Yards company and the Railway company had, for several years, pursued a policy of charging additions to, and improvements of, their properties to operating expenses which might well have been charged to capital accounts. In spite of this policy and the further fact that the profits from the Central Manufacturing District had not been included in the income of the New Jersey company, it has just been shown that the combined income of the three companies, the New Jersey company, the Yards company, and the Railway company, in excess of requirements for fixed expenditures and regular dividends, had amounted to over $900,000 for at least two years prior to 1911. This sum, if distributed, would have made possible the payment of dividends to the common stockholders of the New Jersey company at the rate of 21 per cent instead of the 8 per cent they were then receiving.

Section 18.—ANALYSIS AND SPECIMENS OF THE COMMITTEE'S CIRCULAR LETTERS AND OF THE MOSELEY LETTERS.

The Plan submitted to the stockholders of the New Jersey company through the committee, a detailed statement of which has been given in the preceding pages, had as its primary effect the acquisition for the benefit of the Maine company and its promoters, Prince and Armour, of the accumulated surplus of the New Jersey company and

of its subsidiary companies, and the annual earnings in excess of the stipulated payments.

The efforts exerted by these promoters for the accomplishment of this task were marked with complete success, and the Plan was declared operative by the committee in September, 1911. The committee did not deem it necessary to secure the assents of the entire 65,000 shares before taking their action, but provided for later acceptance by the few thousand shares, the assents of which could not be immediately obtained.

The successful outcome of the campaign initiated by Prince and Armour to acquire for the Maine company the surplus earnings of the New Jersey company was assisted through the agitation among the common stockholders of the company, as a result of the renewed demands of the big packers for a share in the earnings of the company. These demands were made about the time the contract between the New Jersey company and the three big packers, Armour, Swift, and Morris, expired in 1906. The negotiations begun at that time culminated in the test case brought before the Commerce Court for the purpose of definitely ascertaining whether the New Jersey company could legally give the packers a bonus.

The case was brought in 1910, and the decision of the Commerce Court was not rendered until December, 1911. During this period disquieting rumors were afloat to the effect that the packers contemplated the removal of their plants from the yards at Chicago. Prince and Armour had letters sent broadcast, through their agents, to stockholders of the New Jersey company, which said that in order to successfully solve the legal problems connected with the necessity of satisfying the demands of the packers for a share in the earnings of the yards the directors of the New Jersey company had decided to form a new company, of which the packers were to be the majority owners, or, if need be, the sole owners. The stockholders of the New Jersey company were also led to believe that the income of the new company would only equal the bonus that the New Jersey company would otherwise have to give to the packers.

Through the medium of these letters the common stockholders of the New Jersey company were given to understand that the formation of the new company was predicated upon the assent of the stockholders to the Plan, and that the new company would come into possession of sufficient funds to satisfy the packers as a result of the additional income that could be derived through the continuance of the packers' business with the Chicago stockyards. It was asserted in these letters that the income of the New Jersey company was to be increased through the arrangement by which the Maine company took over the control of its properties, and the common stockholders would be assured, under the terms of this arrangement,

of full participation in the earnings of their company, which, they were informed by the circular letters, were up to 1911 never in excess of 10 per cent. The common stockholders were also given to understand that in case they withheld their assents to the Plan the packers would undoubtedly discontinue their slaughtering establishments at Chicago and the yards property would cease to yield an income. It was thus that the stockholders of the New Jersey company were induced to accept the proposal outlined in the Plan of June, 1911.

These letters were sent out by the committee and by F. S. Moseley & Co., a Boston brokerage firm, who, it will be recalled, had been successful in purchasing the 13,000 shares of common stock in 1910 for the syndicate composed of Prince and Armour. Moseley & Co. had been engaged to assist the committee in obtaining the assents of the stockholders to the Plan.

The Commission secured copies of letters written by the committee, as well as a number of copies of letters written by F. S. Moseley & Co., to the stockholders. Specimens of the committee's letters are presented at this point.

THE CHICAGO JUNCTION RAILWAYS AND
UNION STOCK YARDS COMPANY
Boston, July 31, 1911.

To The Holders of the Common Stock of The Chicago Junction Railways and Union Stock Yards Company:

The earnings of the Stock Yards Company, and its connecting Railways, depend largely upon a single industry, and the continued profitable working of that industry in its present location. The situation at the present time is such that the income of the Railways and Stock Yards Company is in effect limited to 8 per cent., and furthermore, it is not certain that the present business will be permanent. Holders of a large majority of the common stock of the company have devised a plan which, if accepted by the remaining holders of the common shares, will have the effect of materially increasing the income to all of the common share holders as well as more definitely assuring the permanency of the company's business. This Plan, a copy of which is appended hereto, has been carefully examined by the undersigned Committee, has received its approval, and is to be carried out under its supervision. The Plan includes the following offers:—

An offer to the holders of the common shares of a fixed income equal to 9 per cent on their present stock, guaranteed by a company to be organized under the laws of Maine, with a capital stock of $1,000,000 and called The Chicago Stock Yards Company.

The holders of the assenting shares, whether such shares have been guaranteed or not as above mentioned, are to have the right or option to exchange their shares for 5 per cent. 50-year collateral trust bonds of the new company, on a basis of 200 per cent. when the said bonds are ready for issue. The said right is to remain in force as long as the Committee shall approve.

In order that the proposed Plan may be carried into effect, it is important that each holder of the common stock shall promptly sign the stockholder's assent herewith enclosed, thereby manifesting his assent to the Plan and becoming a party thereto. Such assent should be signed and delivered to the Old Colony Trust Company, Boston, Massachusetts, on or before August 31, 1911.

As in said Plan provided, the said Plan and Trust Agreement shall become operative if and when, in the opinion of the Committee, it has become advisable to carry the same into effect. In case the Committee determines not to declare said Plan and Trust Agreement to be operative and effective, the offers therein contained and all assents and actions pursuant thereto, and likewise the said Trust Agreement shall become null and of no effect.

Copies of the Trust Agreement and additional copies of the proposed Plan, if desired, may be obtained at the Old Colony Trust Company.

RICHARD OLNEY, *Chairman*
SAMUEL CARR
GUY NORMAN
S. L. SCHOONMAKER
E. V. R. THAYER
F. R. HART, *Secretary*.
17 Court Street, Boston.

AUGUST 23, 1911.

SAMUEL S. SLOAN, Esq.,
Vice President Farmers Loan & Trust Company, New York City.

DEAR SIR: As I am one of the Committee which has made the recommendation in regard to the Chicago Junction plan, I want to call your attention to the necessity of sending the assent of your stock in as early as possible as we are anxious to carry out our arrangement on the first of September which we deem so important to the shareholders.

The Situation is as follows: The Company's business in Chicago depends very largely upon certain definite industries. When these industries were established at Chicago it was the natural centre for the businesses done, but Chicago is now less conveniently situated than many Western cities. To insure the continuance of profitable business for the company, it is necessary to work with close and harmonious relations with those upon whom the company is dependent for the continuance of its business. It is the belief of the Committee that the new Company can give much more definite assurances as to the continued prosperity of the company than a company such as the present, practically wholly owned far away from the scene of the company's operations. The shareholders of the new company are to pay in $1,000,000 in cash, which is in effect a guaranty fund of forfeit, that their promises can be fulfilled.

The Committee has endeavored to weigh every advantage and disadvantage fairly, and is very definitely of the opinion that the plan is for the best interest of all shareholders, and the fact that some 45,000 shares out of the 65,000 have already, at this date, assented, encourages the Committee to believe that the assent to the proposed plan will be substantially unanimous.

Very truly yours,

F. R. HART,
Secy. Chicago Stock Yards Committee.

Dictated by Mr. Hart who was unable to sign it.

BOSTON, MASS., *September 2nd, 1911.*

To The Shareholders of the Chicago Junction Railways and Union Stock Yards Company:

Referring to the circular of the undersigned Committee dated July 31st, 1911, the time fixed therein for the filing of the assents to the plan expired September 1st. As a convenience to distant shareholders and those who have been on vacations, and to enable all shareholders to participate in the advantages of the plan, the Committee

has extended the time within which assents may be deposited with the Old Colony Trust Company, Boston, to Saturday, September 17th, 1911, on or before which date your assent should be filed, after which date it will be optional with the guaranteeing company whether they will accept stock or not. The Committee are forwarding these notices by registered mail.

Application will be made to list the nine percent. assented stock on the New York and Boston Exchanges, striking off from the list the present common stock of the Chicago Junction Railways and Union Stock Yards Company.

The guaranty will become operative on October first or as soon as the proper proceedings can be taken.

The Committee believe it for the best interest of every shareholder to become a party to the plan and to participate in its benefits and believe they have fully protected the minority interests by extending to you the same opportunity that a large majority have accepted. A copy of the circular of July 31, 1911, and form of assent are enclosed herewith.

RICHARD OLNEY, *Chairman*
SAMUEL CARR,
GUY NORMAN
S. L. SCHOONMAKER
E. V. R. THAYER
F. R. HART, *Secretary*
17 Court Street, Boston, Mass.
Committee.

Storey, Thorndike, Palmer & Dodge, Counsel.

In pages 220 to 225 are presented copies of letters which were obtained from the files of F. S. Moseley & Co. These are duplicate copies of letters which were sent by this firm to the stockholders to whom they are addressed.

SEPT. 12, 1911.

W. S. CLOUGH, Esq., c/o F. S. Moseley Co., *New York, N. Y.*

DEAR CLOUGH: The points to bring out forcibly to these Chicago Junction stockholders, are as follows:

All the Directors have signed and recommend the plan on the ground that they will lose their tenant; that the earnings have averaged 9¾% per annum for the last four years, and with this plan they get 9% or 10% if they desire. None of them have any interest in the Maine Corporation. It is practically legalizing the rebate that they have paid to the packers in the past, which they are sure that they can pay in the future.

For a non-assenting stockholder the packers can reduce the Yard charges and consequently the dividends.

After obtaining the amount of stock that is necessary the Maine Corporation will not care for any more stock and consequently it will not have the value that ordinary minority shares of a railroad have where it is the desire to absorb all of the shares.

Application will be made to have stricken off from the Stock Exchange the non-assenting shares, and, in the opinion of those who seem to know, the value will be materially reduced.

If this tenant leaves the Stock Yards, they cannot get another. It will come down to a real estate proposition or a railroad terminus of great value but of greatly reduced earning power.

55,000 out of the 65,000 shares have assented, or signified their intention of so doing.

Yours very truly,

August 16, 1911.

Miss Carrie W. Andrews, *Newbury, Vt.*

Dear Madam: We have been asked to get the assent of the stockholders of the Chicago Junction Railways & Union Stock Yards to the new plan, regarding which you have had circulars. The story is that for some years the Western Railroads have exerted considerable pressure on the packers to move West. The Directors of the Chicago Junction Railways and Union Stock Yards Company have gotten around this in past years by giving rebates to the packers. There is now a suit in the Courts on account of this, and it is necessary to find some other way to keep the packers in Chicago. The large stockholders thought the only way to do this was to get the packers financially interested in the Stock Yards Company, and so got the packers to say that they would take over the Chicago Junction Company, provided they could get a sufficient number of shares and run it themselves. In this plan the packers have formed a million dollar corporation, in which they guarantee for the present stockholders of the Chicago Junction Railways & Union Stock Yards to pay you 9% a year instead of the 8%. Your stock remains the same, except that it is guaranteed by this new corporation for the additional 1% dividend. You also have the privilege of changing your stock at the rate of $100. par value into Collateral Trust Bonds at the rate of $200. for your present share.

We have looked into this plan very carefully, and advise your acceptance. We trust that you will consider the matter and send your assent to the Old Colony Trust Company.

Very truly yours,

August 17, 1911.

Messrs. H. T. Carey & Co.,
66 Broadway, New York, N. Y.

Dear Sir: Your letter addressed to the Old Colony Trust Co. in regard to the Chicago Junction Railways & Union Stock Yards Co. has been referred to us as we are acting in this matter for them.

In answer to your question, we would say the new Maine Corporation will be simply a holding company but on account of its holdings of the Stock Yards stock, either through guarantee or in exchange for its bonds, it will be the controlling interest in the operating company.

The advantage of the formation of this company is that the majority of the stock will be controlled by the packers, which will insure their permanency in Chicago, of which periodically there is some question. It is only through large bonuses being paid to them in the past that they have stayed in Chicago and not moved nearer to the cattle industry. Without their business your company would have little earning power and would become merely a real estate proposition with the railroad adjoining, but without any special earning power.

The guarantee, of course, is limited to the $1,000,000, but you have the strength of the stockholders of this concern back of it and the inducement for them to stay proportioned to what they can make out of the situation. It is a question of these new interests taking a little out each year or a large amount every eight or ten years. This very question of rebate has been argued before the Court of Justice in Illinois and an opinion is expected on October 1st. The Directors of the Company feel that it will be adverse as, through their ownership in the railroad, it is in the nature of a rebate. They are anxious to have the plan consummated before that date.

An unassenting stockholder will be in the position of any minority stockholder and he must receive the same dividends that are declared by the company, and of course, might be in a position to receive more than the 9% as it is fair to assume the new interest expect to make money out of the situation, although it would be easy for them to reduce the charge against them. The danger of staying out is that this new

interest have told us they would not take it up without the total 65,000 shares assenting. They will doubtless, however, accept a smaller amount but just what that amount may be it is impossible for us to tell and if many of the stockholders stay out it will jeopardize the plan.

All of the old Directors, none of whom have any interest in this new corporation, and many of the large Trustees here have assented to the plan. In fact, there must be nearly 50,000 shares who have assented or agreed to assent.

Very truly yours,

AUGUST 23, 1911.

ALBERT O. BROWN, Esq.,
1008 Elm St., Manchester, N. H.

DEAR SIR: You have 50 shares of Chicago Junction Common. You doubtless received the circulars from the Committee and our previous letter. We have received the assent of about 50,000 shares, out of 65,000, to the plan, and simply want to tell you that it is a plan that all the Directors have recommended and have assented to, and that none of them have any interest in the Maine Corporation.

If you are coming to Boston in the near future, we should be pleased to talk with you about this, as we feel that we can convince you that it is the only thing to be done. The situation of a minority stockholder can be made very unpleasant for, with the packing interest in control of the Stock Yards, they can make the yard charges to satisfy themselves as long as they pay the dividend on the guaranteed stock. This process of course, would minimize the earnings of the Stock Yards.

Very truly yours,

AUGUST 18TH, 1911.

MRS. ANNIE S. CHURCHILL,
No. 131 Magazine St., Cambridge, Mass.

DEAR MADAM: Our representative called at your house today and found you were away, so we are taking this method of giving you more information regarding the proposed indorsement of Chicago Junction Railways & Union Stock Yards Stock by the new Company, Chicago Stock Yards Company, which Company agrees to pay 9% on the Common Stock.

We are enclosing herewith a copy of the Trust Agreement. The situation is as follows: The Western Railroads have been trying for many years to draw out your Company's business to other parts of the West, such as St. Louis, Kansas City and Omaha, which are more centrally located in the cattle district and, therefore, more advantageous to the packing business. The business of the packers amounts to about three-quarters of the total business done by your Company. Owing to the Sherman Anti-Trust Law, your Company will be unable, as formerly to pay the packing interests a certain amount of money for their business, as this is ruled out as a rebate. The packers have, therefore, agreed to form a new Company called the Chicago Stock Yards Company, which shall be capitalized for $1,000,000 paid in. This new Company to guarantee dividends as in the plan. The packing interests feel that by co-operation with one another and local management, they will be able to make your Company earn larger profits than ever before, and, therefore, can afford to pay 9% interest.

It seems to us that the strongest argument in favor of this is the fact that those men forming the Committee, who are the largest stockholders in your Company and most deeply interested in it, have all of them signed the agreement. These men, although in this case acting as private individuals, are many of them Directors of the Company and in a position to know the condition of affairs there better than any one else. It is needless to add that these gentlemen are considered of the highest integrity.

No stockholder in your Company is interested in any way in the new Company, and so any change which they may make would not be of any monetary advantage to them except as stockholders, or trustees of estates holding this stock.

We shall be very glad to furnish you any additional information, and would say in closing that we are receiving daily many signed agreements.

Hoping this matter will have your favorable consideration, and assuring you that in our opinion, it is for your best interest to sign, we remain

Very truly yours

August 26th, 1911.

Frank Grant, Esq., *Westfield, Mass.*

Dear Sir: We are in receipt of your favor of August 25th.

The Chicago Junction situation is as follows:—

The Chicago Junction Company has been almost exclusively an Eastern Company, while its customers are the packers of Chicago and have no direct interest in its affairs. This has led to considerable friction in the past and it has been necessary on several occasions when contracts with packers were expiring, to make it worth their while to extend them. The contracts with the packers have either expired or are expiring in 1913, and it is to obviate this difficulty that this plan has been formulated. It amounts to a lease of the property to the packers, who are the only ones interested in the Maine corporation. The million dollar capital of this company is to be paid in cash and it is to be held either in cash or good securities as a guarantee of payment of the dividends, but as the packers will have every incentive to turn business toward the Stock Yards Company, there can be no question as to the payment of the 9% dividend or the 10% bond interest. Both Kansas City and Omaha are endeavoring to divert the packing business from Chicago and if this plan does not go through it is possible they will be successful.

The amount of bonds issued by the new Company will be determined by the number of stockholders of the Chicago Junction Railways & Union Stock Yards Company who elect to receive bonds in exchange for their stock, as $200 in bonds will be issued for $100 par value of stock, and the stock held in trust as security against the bonds.

Very truly yours,

August 18, 1911.

W. B. Hale, Esq., *c/o McMillan & Hale, Rondout, N. Y.*

Dear Sir: Your letter to the Old Colony Trust Co. in regard to the Chicago Junction Railways & Union Stock Yards Co. has been referred to us as we are acting in this matter for them.

This Maine Corporation which is to guarantee the stock will be controlled by the packers, who now furnish 75% of the business of the Stock Yards and have always demanded something in return for it. This something has been given in the past in large blocks, in either bonds or cash, periodically. Up to date something like $6,000,000, has been given to them as an inducement for them to remain in Chicago. In giving them the control, in our opinion, it will insure the permanency of the packers in Chicago, in any event, for a much longer time than they would ordinarily find it for their best interest to stay.

The Company has earned about 10% for the last four or five years and distributed 8%. In this way you can take the 9%, or the 10% if you so elect to take the bonds, which is in all probability more than the company could afford to give you on account of the demands made by the packers for their share of the profits.

About 45,000 to 50,000 shares of stock have assented to the plan but the interests controlling the Maine Corporation insist that they obtain all the Common Stock, 65,000 shares. Of course, there may be some shares stay out but exactly how much they will allow to stay out and declare the plan operative we do not know.

We understand that a minority stockholder, while he would have the same dividend paid to him that was paid to the stock controlled by the Maine Corporation, yet it would be perfectly possible for the packers to reduce the yard charges so that the earnings of the Stock Yards Company would be much reduced. We simply state this to show that it is safer to come along with the plan which has had the careful consideration of all the Directors of the Company and who have no interest whatever in the Maine Corporation.

Very truly yours,

AUGUST 15, 1911.

JAMES H. PINCHON, Esq., *10 Chestnut St., Springfield, Mass.*

DEAR SIR: We have your letter of the 14th and you are right in your assumption as to who the holders of the Maine Corporation will be. As far as we know none of the stockholders of the Stock Yards Co. have any interests in this concern.

It is most important, in our opinion, to hook the packers permanently into this situation as there has always been fear of their leaving for a different locality. Furthermore, you understand that every time there is a question of renewing their leases the packers have demanded large bonuses. Your Company has not earned over 9 or 10% in the past years and has paid out 8%. It has been necessary to accumulate a surplus for the very purpose of treating with the packers. There is a new lease coming up in the near future and the question of paying a bonus has been referred to the Courts and the opinion will be rendered on October 1st. This plan should be settled before that date.

All of the old Directors, such as the Thayers and Gardners and the large Trustees have deposited their stock. You do not lose the equity in the property if you take the 9% guaranteed stock. There is no question but that the people taking the lease of this stock expect to make money out of the situation but you can afford to let them make money in this way just as well as to pay them a bonus periodically.

Very truly yours,

AUGUST 18, 1911.

B. A. JACKSON, Esq.,
Treasurer, Providence Banking Co.,
Providence, R. I.

DEAR SIR: In regard to the Common stock of the Chicago Junction Railways & Union Stock Yards Co., which Mr. Wellington asked you yesterday to obtain the assent to plan proposed by the Olney Committee, we would say that all the Directors and large stockholders have carefully gone into the situation, have recommended and assented to the plan, and there is no stockholder in the Chicago Junction stock, as we are advised, who has any interest in the Maine Corporation.

Between ourselves, it is simply a case of legalizing the rebate which the packers have insisted on obtaining as they state they contribute 75% of the earnings of the company and are entitled to a portion of the plunder. In the past this has been paid by giving them large blocks of stock or payments in cash; hereafter they will take whatever pickings may seem proper to them. The property, however, must not be wasted and must be kept intact, so the lawyers who are handling this matter advise us.

The Company has been earning about 10% and paying 8% but it was necessary for them to save a certain surplus to distribute back to the packers periodically.

This question of rebate has been argued before a Court of Justice and a decision is expected on October 1st to see if these rebates are legal in view of their holding and operating a railroad property. The Directors fear an adverse decision and are, therefore, anxious to have this plan become operative before that date.

A minority holder may have in mind that by staying out he can get these extra dividends that the Maine Corporation expect to get on the stock which they control through guarantee or by deposit as collateral against the bonds in case the stock-

holder takes them. The fact of the matter is, it would be well within the power of those who control the Maine Corporation to reduce the yard charges so that the earnings of the Stock Yards Company would make a much poorer showing than they do now. We feel it is very important to retain this earning power of the packers, otherwise, this valuable tract of land would have to be cut up for manufacturing or terminal purposes, and, while the stockholders would eventually get back a handsome return on their money, it would take a number of years to do so. In the meantime there would be the payment of taxes and interest on the bonds with no income.

We should be pleased to allow you 1/8 on any assents that you send to this office. We understand that Mr. Matteson has the controlling interest in about 1,000 shares of stock and that you will take this matter up with him.

Very truly yours,

The following is a letter written by Arthur C. Graves, an attorney, to F. S. Moseley & Co., in August, 1911. It was written in reply to a letter sent by F. S. Moseley & Co. to a stockholder of the New Jersey company of whose affairs Mr. Graves had charge, and was obtained from the files of F. S. Moseley & Co.

Law Offices of Arthur C. Graves, 48 Church Street, New Haven, Conn.

August 15th, 1911.

Messrs. F. S. Moseley & Co.,
50 Congress Street, Boston, Mass.

Gentlemen: Your letter of recent date to Mrs. Sarah K. Graves in reference to the proposed re-organization of the Chicago Junction Railways and Union Stock Yards has been handed to me for attention, and in view of what the re-organization offers to the present common stockholders, and in reply to your letter, I desire to make the following observations:

There are a few stockholders in this company of whose affairs I have charge. Thus far, none of them have indicated their assent to the proposed plan, and I have carefully refrained from advising them to do it. In the first place, it is very apparent to all, except perhaps to those who devised the plan and who are on the inside and know all about it, that the proposed reorganization is very indefinite, and the common stockholders really do not know what is offered to them. Passing by this, however, which I think after all is of minor importance, the real criticism of the intelligent stockholders of the Chicago Junction Railways would be this—that the present stockholders are not receiving under the proposed plan a return commensurate with the present actual assets and cash surplus of its company. It is true that the earnings of the stock yards and its connecting railways depend almost wholly on a single industry and that its profitable operation depends upon its present location, and it is also true that possibly the stock yards business may be carried further and further to the West thereby injuring to a considerable degree the Chicago market. But on the contrary, the present actual assets and cash surplus of the company belongs to the present stockholders, and not legitimately to those who, through some skillful devise of reorganization, succeed in getting the old company and its assets entirely into their possession. The parent company, of which we are common stockholders is virtually scarcely more than a holding company, and derives all its income from dividends paid on the stock of the Chicago Junction Railways Company and the Union Stock Yards Company. While it is true that the earnings have not increased to any marked degree in this business, at the same time it is also true that each of these subsidiary concerns has earned with a very comfortable surplus the dividends which have been paid over into the treasury of the parent company, and for a large number of years such surplus has remained untouched in the treasury of the subsidiary companies. Such surplus has been earned, too, after very liberal appropriations for improve-

ments and betterments, a portion of which might have been charged to new capital. Furthermore, the parent company has received from the dividends thus paid by its subsidiaries a surplus over and above its dividend requirements; viz: 6% on the preferred and 8% on the common. The public and the casual observer, therefore, do not often realize that the surplus and assets of the present company lie still in the treasury of three corporations, and assuming that future improvements or exigencies would warrant our leaving untouched the surplus now resting in the treasury of the subsidiary companies, nevertheless the surplus in the treasury of the parent company has now reached a very considerable sum.

I have not before me the reports of the last two or three years of the Chicago Junction Railways and Union Stock Yards Company, and I cannot in this letter give the exact figures of the earning power and surplus of the different concerns; I want to say, however, that some seven years ago, when advising a client to invest in the common stock of this corporation, I had occasion to make a very careful investigation of the earning power of the company and the surplus which it had virtually at its disposal, either in its own treasury or that of its subsidiary concerns. At that time the cash surplus amounted to something like three millions of dollars, as I discovered by investigation. My calculations on this score were also corroborated by those of some Boston brokers who were acquainted with the company. A cash surplus of three millions of dollars on an outstanding issue of common stock of only $6,500,000 was a very large surplus. This was some seven years ago, and in the meantime this surplus has slowly grown from year to year.

A few years ago, about the time the company discontinued making a report of the separate earnings of the subsidiary companies I wrote to the treasurer of the parent company, and at my request he sent me the figures, at the same time explaining the reason why the company had discontinued giving these separate earnings was because it was deemed wise not to reveal the company's true earning power and its resources to some of our state legislatures and thereby open itself to insidious legislation. It was upon this explanation that I refrained at that time from writing an article for some prominent financial paper, revealing for the information of investors in general the real financial strength of the Chicago Junction Railways and Union Stock Yards Company.

In conclusion I have only to say, that the present plan of reorganization by no means gives to the present common stock holders full return for the value of their property, with which they are asked to part. It is true that the proposed new securities, offered to the stockholders with an increased dividend of 9 or 10% assured, seems better at first blush than the present security which they hold. At the same time it is also true that the present 8% on the common stock of the parent company is absolutely assured, and in the future the common stock holders must and ought to reap the advantage of the results of all these past years of provident and skillful management. Instead of that, the reorganization committee themselves, representing a group of inside stockholders, offer something which is sufficiently attractive to induce the present holders to part with their stock, and after they have parted with it, the rich surplus to which I have referred and the accumulation of all the past years will redound to the benefit of the inside few perhaps followed by the "cutting of a rich melon." Frankly, gentlemen, do you think this is treating the stockholders squarely? Does it not bear in some respects a slight resemblance to the old Chicago and Alton deal?

Were I in a position to secure names of all the common stockholders of the company and had the time and means to devote to it, I could easily put so many of the stockholders in possession of facts that would make the present plan impossible of fulfillment. However, I think it would be better if the committee, or yourselves did this.

Very truly yours,

[Signed] ARTHUR O. GRAVES.

SECTION 19.—THE MISREPRESENTATIONS IN THE MOSELEY LETTERS.

Before taking up for discussion the salient points contained in the foregoing letters it should be said that simultaneously with the finding of these letters a memorandum was found in the files of F. H. Prince which stated that Prince contemplated the formation of a new company with $8,000,000 of capital stock of which $4,400,000 was to be given to the three big packers in consideration of their agreement to continue their business at the Chicago stockyards. This memorandum was drawn in November, 1910. It is obvious that the new company spoken of in this memorandum had reference to the Maine company which was subsequently organized by Prince and Armour in September, 1911. The capital stock of this company when formed was $1,000,000, but this amount was increased to $8,000,000 almost immediately.

In view of this circumstance, it was believed for a time during this inquiry that Armour's close association with Prince in the deal that culminated in the formation of the Maine company was a direct outgrowth of the plan outlined in the memorandum which aimed to give the control of the new company to the three big packers and that Armour acted as their representative. The Moseley letters which gave so much prominence to the contention that the Maine company was to be controlled by the packers tended to substantiate this view of the memorandum.

However, in consulting the Moseley letters as a source of information in connection with its attempts to correctly interpret the trend of events that followed the bringing of the Pfaelzer case, the Commission has at no time been oblivious to the fact that these letters were replete with gross inaccuracies. An instance of this kind is to be noted in the statements made as to the financial condition of the New Jersey company. The impression was given that less than 10 per cent had actually been earned by the New Jersey company on its common stock, whereas the report has already disclosed that the earnings of the New Jersey company actually amounted to over 12½ per cent on the common stock without taking into consideration the surplus earnings retained by its subsidiary companies, the Yards company and the Railway company. If the surplus earnings of these two companies had been taken up by the New Jersey company the actual amount available for distribution in the form of annual dividends to its common stockholders would have permitted that company to pay dividends at the rate of 21 per cent. The letters also contained inaccuracies concerning the amount of the bonuses paid to the packers. According to these letters these bonuses had amounted to $6,000,000, whereas it has already been shown that the three big packers to whom the control of the new company was

to be given had actually received $3,000,000, from which amount must be deducted the proceeds received by the New Jersey company from the sale of the Tolleston land and the Central stockyards.

The letters also made it appear that the packers were merely tenants using properties of the New Jersey company under terms of a lease about to expire in 1913. The actual facts were that the packers owned the properties used by them and their investment in land, buildings, and equipment represented many millions of dollars.

These inaccuracies, though serious enough in themselves, did not at first detract from the value of the letters as evidence that the Maine company had been formed for the purpose of permitting the packers to share in the earnings of the New Jersey company through stock ownership in the Maine company. Additional data which was subsequently considered, however, made it impossible for the Commission to continue to regard these letters as worthy documentary evidence to substantiate its first impression that all of the packers were represented in the ownership of the Maine company.

The evidence of the unreliability of the Moseley letters in this and other respects is now given.

SECTION 20.—THE PRINCE AND ARMOUR DEAL AND THE DIRECTORS OF THE NEW JERSEY COMPANY.

The Moseley letters were so constructed as to convey to the stockholders to whom they were addressed the idea that the new company was conceived by the directors of the New Jersey company, acting in an official capacity as a means of permanently solving the bonus problem to the satisfaction of the packers; that every one of the packers was assisting in the formation of the new company, and that no directors or stockholders of the New Jersey company were to be financially interested as stockholders of the new company or in any other way.

From letters secured in this inquiry it would appear that the initial step leading to the formation of the Maine company, namely, the purchase of 13,000 shares of common stock of the New Jersey company, was undertaken by Prince and Armour without having previously submitted the matter to the board of directors of the New Jersey company for their official sanction.

About one week after Prince and Armour had concluded their syndicate agreement to purchase 13,000 shares of the common stock of the New Jersey company through Moseley & Co., the following letter was written by Eugene V. R. Thayer, a director of the New Jersey company, to J. A. Spoor, of Chicago, also a director of the New Jersey company:

50 State Street,
Boston, October 8, 1910.

J. A. Spoor, Esq., *Pittsfield, Mass.*

Dear Mr. Spoor: It may be of interest to you to know that our friend [meaning Prince] here in Boston has secured an option which I understand runs for sixty days on 16,500 shares of stock at $160 a share, and has deposited $50,000, which he forfeits if the option is not taken up. Just what his object is in securing this stock of course I do not know. He told the parties who were working for him that he was buying the stock for an outside interest who would want representation on the Board. The Normans, [relatives of Prince, by marriage] I believe, have sold all their stock which rather surprises me.

Before starting to gather this stock, he agreed with the house that was doing the work for him to come up and tell me what he was doing and his object in doing so, but of course, I have heard nothing from him.

Mr. Thayer continues about the same.

Very truly yours,

[Signed] Eugene V. R. Thayer.

The sentence of this letter reading: "Just what his object is in securing this stock of course I do not know," is significant, in so far as it shows that Prince undertook the purchase of the New Jersey company's stock without having taken into his confidence Mr. E. V. R. Thayer, a member of the family which had been most actively connected with the financial affairs of the Chicago stockyards from the earliest years of its existence.

In a letter from Wm. C. Lane, for many years director and treasurer of the New Jersey company, dated October 10, 1910, and written to J. A. Spoor, the following significant passage appears:

I had a telephone call from Mr. Eugene Thayer on Friday. He told me that somebody was endeavoring to obtain options on the Jersey Company's common stock in Boston at 160, the market price at present being about 140. He mentioned no names but one can imagine who is doing it and the purpose of it.

The words "one can imagine who is doing it and the purpose of it" indicate that Lane had no authentic knowledge of the deal.

To further illustrate that the purchase of the 13,000 shares was undertaken by Prince and Armour without the official sanction of the directors of the New Jersey company, the following letter is presented:

Chicago, Illinois, *October 10, 1910.*

Dear Mr. Thayer: A reporter called here this P. M. and stated that Moseley & Co. of Boston had offered $160.00 per share for the common stock of the Jersey Company, provided that a sufficient amount was turned in to give control of the company.

If this report is true, I presume you have heard about it. Let me know what information you have.

Very truly yours,

[Signed] J. A. Spoor.

Mr. Eugene V. R. Thayer,
50 State Street, Boston, Mass.

This letter of October 10, written by J. A. Spoor, of Chicago, apparently before receiving Thayer's letter of October 8, is particularly

worthy of attention, owing to the fact that Spoor was one of the most prominent figures in the management of the stockyard affairs. In addition to being a director of the New Jersey company, he was chairman of the board of directors of both the Yards company and the Railway company, and was one of the trustees appointed by the New Jersey company to manage the Central Manufacturing District.

That Prince not only undertook the initial steps toward the formation of the Maine company without the sanction of the directors of the New Jersey company, as shown in the above letters, but that at a certain stage of the campaign he met with decided opposition on the part of W. D. Guthrie, one of the most influential directors of the company, is evident from certain letters secured by the Commission. Guthrie had been connected with the New Jersey company since its formation in 1890, having been a member of the law firm which acted as general counsel for the company, and in this capacity he had been consulted in all of the negotiations between the New Jersey company and the packers. He had been a director of the company since 1898, and had served as a member of the committee representing the New Jersey company in its negotiations with the packers following the expiration of the contract with the packers in 1906. These negotiations had resulted in the agreement to bring the Pfaelzer case, and Guthrie was at this time (in 1910) representing the New Jersey company as their chief counsel in that case.

The opposition on the part of Guthrie, referred to above, arose from the fact that soon after the announcement was made of the purchase of the New Jersey company's common stock by the syndicate, Prince divulged to Guthrie his intentions of bringing about a radical change in the membership of the board of directors of the company; this change he sought to effect by declaring himself a candidate for the office of president in lieu of Nathaniel Thayer, who had been inactive for some time owing to ill health, and of forcing some of the directors to resign in order to create the necessary vacancies for the men Prince was anxious to have as his associates on the board of directors.

It is significant to note that during his controversy with Guthrie Prince never disclosed the reasons that prompted him in his efforts to strengthen his position in the New Jersey company, both as a stockholder and as a director of its affairs, apparently letting the merits of the issue he took up with Guthrie be decided on his contention that the membership of the directorate of the company, as then constituted, was not fair to the large stockholders and detrimental to the interests of the company. Later events indicated that such a change in the personnel of the board of directors made it possible for Prince to form the Maine company.

OCTOBER 18, 1910.

DEAR MR. GUTHRIE: As you are doubtless aware, a syndicate has purchased a large amount of the stock of the Chicago Junction Rys. and Union Stock Yards Co. I am the representative of the syndicate and have undertaken certain obligations with them. The stock of the syndicate together with my own holdings, amount to a substantial control of the common stock and I have agreed with my associates that I will supply three vacancies on the present Board of Directors, to be filled by nominees of the syndicate, whom I will name later. I desire to go abroad immediately, not to return before the annual meeting, and therefore even at this early date I should like to have an understanding regarding this matter. I have considered the several members of the Board and it seems to me that the following vacancies are the ones most available. You yourself have already indicated your desire not to remain a director, for purely personal reasons. Therefore your position would be available. Mr. Foss has likewise desired to resign. Mr. Lane occupies the position of Treasurer and his services can doubtless be retained for the Company without his being a member of the Board. Therefore, it has occurred to me in studying the matter that the above changes would accomplish what is necessary for me and would make practically no change in the present organization. I ought to add that in view of Mr. Thayer's serious illness, this may cause a vacancy. In that case the syndicate intends to name me as his successor as President, in which event the vacancy on the Board would be open for Mr. Lane.

With regard to the proxies for the coming annual meeting I should like to have them made out in the names of Nathaniel Thayer (or Eugene V. R. Thayer), Guy Norman,[1] and myself. I assume that such a proxy would be so expressed as to be exerciseable by a majority of the persons named or their substitutes present at the meeting.

Very truly yours,

Guthrie, Bangs & Van Sinderen,
Victor Morawetz,
44 Wall Street, New York.

OCTOBER 18, 1910.

DEAR MR. PRINCE: I desire to answer your letter of today which you handed me at our interview in reference to the Chicago Junction Railways and Union Stock Yards Company and also to confirm what I then stated to you. I understand from you that the new syndicate has actually acquired 18,000 shares of the common stock of the company; in other words has acquired out of the total of 130,000 shares of preferred and common stock approximately 13 per cent. So far as I am personally concerned or called upon to advise other directors, I think that if the new interests have acquired such a holding over common stock, it will be quite proper to give them a representation on the Board, and I do not doubt that the election of Mr. Schoonmaker whose name you mentioned, will be entirely agreeable to all the directors. I do not think, however, that the syndicate is entitled to demand the election of three nominees out of a board of only ten directors; nor do I think that you were warranted in undertaking or agreeing with such syndicate, as you state in your letter to supply three vacancies in the present board of directors, and thus practically secure to you and your associates in the new syndicate the control of the company. In my opinion, no arrangement on the part of a board of directors which would thus turn over control of the company to the holders of a minority of its stock, would be either proper or justifiable particularly when the annual election is shortly to be held, at which time the wishes of the majority can be consulted.

[1] Brother-in-law of Prince, who had sold his stock to Prince and Armour.—*Federal Trade Commission*

I want, also, to confirm what I stated in regard to the suggestion of a vacancy in the office of President in case anything should happen to Mr. Nathaniel Thayer. I do not think that the directors should be called upon now to state what they will do in that case—a contingency which we all hope will be long deferred. Nor in any event, do I think that the new syndicate which has just bought into the property and owns only 13 per cent. of the stock is entitled to name Mr. Thayer's successor. That, surely, is a matter to be determined, not by the syndicate, but by the board of directors representing all the stockholders.

As to your suggestion in regard to the proxies at the coming annual meeting. I will submit it to the board of directors, but under the circumstances, and in view of what you have said to me as to your determination to secure control of the company, I deem it proper to say candidly that I cannot advise the directors to agree to your suggestion that you and your nominee shall constitute a majority of the proxies, and thereby control the exercise of the voting power on behalf of the stockholders.

Yours faithfully,

[Signed] WM. D. GUTHRIE.

F. H. PRINCE, Esq.,
28 State Street, Boston, Mass.

The following letter was drafted by Prince in answer to Guthrie's letter, and although it was not sent to him this fact does not detract from its value as a document showing the manner in which Prince was prepared to defend his attempt to gain the control of the management of the New Jersey company.

DEAR MR. GUTHRIE: Replying to yours of the 18th, I believe you entirely misapprehend my position. The number of shares of stock acquired by myself and a Syndicate is independent of my previous holdings and the holdings of members of my family in the Chicago Junction Railway & Union Stockyards Company.

I disclaim any desire to secure an arrangement with the Board of Directors intended to turn over the control of the Company to the holders of the minority of its stock, but you will agree with me that it is exactly the situation of the Board at the present time. I believe you will concede that the Board as at present constituted, and in control of the Company, are the holders of the decided minority of its capital stock and is in no way representative in [of] substantial individual interests, and I and my immediate associates have the largest concentrated holdings of the stock. Exclusive of these as I understand it, the Directors at the last annual meeting, and I believe without any material change since, are holders of stock as follows:

(Here insert Directors holdings.)

With these unimportant individual interests the affairs of the Company have been conducted in a way to provoke just criticism both from a business, moral and political standpoint, and I felt that I must either dispose of my stock or increase my interest and bring others into its management to correct these abuses of management. After consulting with my friends, the latter course seemed to me to be the more feasible and practical.

No intention to obtain control of the Company was involved except so far as we deemed it to our interests and to the interests of the shareholders, that its affairs should be conducted by parties that have the most substantial interest in the property, rather than by a Board of Directors whose personal stock holdings are insignificant. That Directors with insignificant stock interests should persist in perpetuating their control of this important property through proxy committees or otherwise naturally subjects their motives to just suspicion. I believe it will be better for the property and better for the shareholders that the Directors should take warning of the present state of the public mind to clean house and that new and substantial interests

brought into the property who are sure to give added value to the Company's securities are given an adequate representation and that no Director be elected who is not also an important stockholder.

Very truly yours,

That the controversy with Guthrie was finally decided in favor of Prince is evidenced from the fact that Lothrop Ames, Bradley W. Palmer, and S. L. Schoonmaker, all of whom were Prince's choice, were subsequently elected as directors of the company, and Prince became president in place of Nathaniel Thayer. These vacancies were made possible through the resignation of W. D. Guthrie, Gordon Abbott, and Nathaniel Thayer, the latter resigning because of ill health.

It is not possible to submit a detailed account of all that transpired at the directors' meeting when the issue between Guthrie and Prince was being threshed out, but the following letter written by E. V. R. Thayer to J. A. Spoor indicates that the expediency of yielding to Prince's demands apparently loomed prominently in the discussion, and that an affirmative decision was arrived at, largely because of the aversion, on the part of some of the directors, to have an open fight with "an interest which has acquired such a large amount of stock." The letter just referred to follows:

50 State Street,
Boston, October 28, 1910.

My Dear Mr. Spoor: I saw Gardner, and as I have already telegraphed you, he is entirely in accord with what was done in New York last week and quite agrees that it would not only be useless but unwise to oppose an interest which had acquired such a large amount of stock. While he is still not an ardent admirer of Prince, he appreciates that the situation has materially changed since the Syndicate has bought the property. He promised me that he would stay with us and remain as a Director.

He was very glad that you are going to remain as the active head of the local companies for he appreciates the fact, as I do, that you are the man behind the gun in this whole business.

I am indeed very glad that the matter has been finally settled for I am sure it would have been a bad thing for the Company to have had an open fight and in the end we would not have gained anything. I know you will agree with me on this point.

* * * * * * *

I shall hope to see you in New York in the near future, and in the meantime, believe me,

Very truly yours,

[Signed] Eugene V. R. Thayer.

J. A. Spoor, Esq.,
First National Bank Building,
Chicago, Illinois.

By way of a summary of what has been suggested by the above letters, the attitude shown by such prominent directors as Spoor, Thayer, and Lane upon learning of the fact that the brokerage firm of Moseley & Co. had been endeavoring to purchase 13,000 shares of common stock of the New Jersey company for the syndicate headed

by Prince, furnishes evidence that these gentlemen did not in any way assist in the formation of the syndicate agreement between Prince and Armour. In view of the contents of some of these letters and of what subsequently transpired, it is perhaps unnecessary to say that neither Guthrie nor Gardner gave to Prince and Armour any assistance of this kind.

It is, therefore, clear that the letters written by Moseley & Co. to the common stockholders of the New Jersey company, in which they were informed that the Maine company had been conceived by the directors of their company as a final and permanent solution of the bonus problem was not true, inasmuch as it has been shown that the directors of the New Jersey company had not taken any official action in initiating the purchase of the 13,000 shares of common stock of the company—this purchase constituting as it did such an essential part of the Plan for the formation of the Maine company.

It is not meant to say here that Prince accomplished his object of forming the Maine company without the cooperation of any of the directors of the New Jersey company. The fact that three directors of the New Jersey company were members of the committee which submitted the Plan of June 30, 1911, to the stockholders of the New Jersey company would militate against such an assertion. Furthermore, the importance that Prince attached to the personnel of the board of directors of the New Jersey company at the outset of his campaign, as evidenced from his efforts to have men of his choice as directors of the company, shows that Prince himself realized that without enlisting the good will of the directors of the New Jersey company it would be impossible for him to attain the object he had in view, which was to form the Maine company.

But the facts refute the statements in the Moseley letters bearing upon the relation of the directors to the formation of the new company, which imply that the directors of the New Jersey company, acting as officers and representatives of the company, conceived, helped to conceive, or even sanctioned the Plan, the object of which was, as stated, to devise the final solution of the ever-recurring bonus problem of the packers. Such an assertion is not in harmony with the actual facts, the truth being that Prince had maintained secrecy about the deal until he had secured the 13,000 shares of stock for his syndicate with Mr. Armour, and had strengthened his position in the company by changing the membership of its directorate in accordance with his designs.

Furthermore, after this was accomplished the matter of sanctioning the Plan for the formation of the Maine company was never submitted to the directors of the New Jersey company for their official consideration and approval. The fact that the names of three directors of the New Jersey company appear as members of the committee

selected by Prince to represent the Maine company did indeed lend credibility to the assertion in the Moseley letters, that the directors of the New Jersey company had helped to formulate the Plan. The truth of the matter is that the selection of these three men by Prince was not the result of official action taken by the company, these three directors having acted in a strictly private capacity.

SECTION 21.—THE PRINCE AND ARMOUR DEAL, AND SWIFT AND MORRIS.

The Moseley letters indicated that Swift and Morris, as well as Armour, were to be interested in the Maine company and that these packers were to have the controlling interest in that company. Evidence at hand shows that these statements, like others which have already been examined, were not in accord with the facts. Three letters, written by different persons at different dates, are presented below. These letters, if read together, tend to show that Swift and Morris were not associated with Prince and Armour at any stage of their campaign which culminated in the formation of the Maine company.

The following letter was written by Albert H. Veeder to F. S. Moseley in October, 1910, at the time Moseley & Co. was endeavoring to purchase the 13,000 shares of the New Jersey company's common stock for the Prince and Armour syndicate. It evidently grew out of a newspaper announcement, which had come to the notice of Albert H. Veeder, who had acted as confidential adviser for Swift & Co. in all of its negotiations with the New Jersey company relating to the payment of bonuses to his company ever since 1891, and who was at this time a director of the Chicago Junction Railway Co. It indicates that Swift was not a party to the transaction.

Law Offices Albert H. & Henry Veeder, 125 Monroe Street, Chicago.

OCTOBER 12, 1910.

F. S. MOSELEY, ESQ.,
Boston, Massachusetts.

DEAR SIR: Please send me one of your circulars, according to the papers, you recently issued, in reference to the stock of the Chicago Junction Railways and Union Stock Yards Company, and oblige.

Yours truly,

[Signed] ALBERT H. VEEDER.

AHV/NA.

In July, 1911, about nine months after the above letter was written by Veeder, F. H. Prince wrote a letter to J. O. Armour in which he outlined the progress he had made in the campaign which had been quietly initiated to obtain the assents of the largest stockholders of the New Jersey company to the Plan of June 30, 1911. The letter also discussed the steps that were to be taken in securing sufficient assents to make possible the formation of the Maine company at an early date, and how this was to be accomplished. The following

passage, bearing on the relation of Swift and Morris to the deal, appeared in this letter:

> In the meantime, if Mr. Spoor thinks it advisable, I can meet the packers and explain to them what the advantage in the formation of the Company is; namely, that the large holders have bought up the small holders in order to permit them to carry out the present arrangement if possible, or to be in a position to make some other arrangement for the mutual benefit of both parties.

For a better understanding of the above passage it should be noted that the Pfaelzer case was still pending in the Commerce Court, and the packers, especially Swift and Morris, were still looking forward to the possibility of securing a bonus from the New Jersey company in the event that the decision of the court was favorable to them. This bonus, they expected, would be paid to them out of the accumulated surpluses of the New Jersey company and of its subsidiary companies. This is no doubt what is meant by "the present arrangement."

If additional evidence were needed to indicate that Swift and Morris had not participated in the formation of the Maine company, it would seem that the following passage, quoted from a letter written by J. A. Spoor to Prince on August 8, 1911, would supply it. This letter was written a few days after the committee selected by Prince to represent the Maine company had sent out its circular letter of July 31, 1911, to the stockholders of the New Jersey company announcing that the Maine company was to be formed, and would offer them a guaranty of 9 per cent on their stock.

> Swift and Veeder came to see me yesterday on my arrival in regard to the "Chicago Stock Yards Company," and Mr. Morris asked me about it today. I think they are all entirely satisfied with the explanation I have given them.

It is evident that Swift and Morris would not have shown the curiosity which Spoor's words indicate they displayed upon learning that the Maine company was to be formed had they been parties to the formation of that company. Until reassured by Spoor, they had evidently looked upon the new company with suspicion, representing as it did the creation of an agency expecting to derive its income from the same source they had counted on to supply them with a bonus.

It is not necessary at this stage to inquire into the nature of the assurances given by Spoor to Swift and Morris to allay the concern which had been aroused in them by the announcement concerning the formation of the Maine company, as the main point at issue is to dispose of the assertion made by the Moseley letters that all of the packers had participated in the formation of the Maine company. That Swift and Morris did not participate in the formation of the Maine company with Prince and Armour seems to be clear from the evidence just given.

It still remains to present the data from which it appears that, although not associated with the formation of the Maine company, certain financial benefits accrued to Swift and Morris some time after the Maine company was called into existence. But before taking up this aspect of the Prince and Armour deal, there is given a detailed account of all the noteworthy circumstances that marked the gradual progress of the Maine company from its formative stage to that of a full-fledged, functioning corporate entity.

SECTION 22.—METHODS CONSIDERED BY PRINCE AND ARMOUR FOR THE SUCCESSFUL ACCOMPLISHMENT OF THE DEAL.

While the committee and F. S. Moseley & Co. were engaged in securing the assents of the New Jersey company's common stockholders, an extensive correspondence was carried on between F. H. Prince and J. O. Armour. Both Prince and Armour had delegated the execution of many details of the deal to confidential men in their employ. Some of this correspondence passed between F. W. Croll, treasurer of Armour & Co. and confidential man of J. O. Armour, and W. M. Wadden, who held a position similar to that of Croll with F. H. Prince.

Prince was aware that the small stockholders would be more readily induced to assent to the plan by the fact that the large stockholders had recorded their willingness to accept it. He therefore deferred the submission of the Plan to the small stockholders until he had succeeded in obtaining the assents of the large stockholders. This task was greatly facilitated, since Armour and Prince controlled between them over 33,000 shares of the 65,000 shares of common stock issued by the New Jersey company. Prince utilized his influence with some of the large stockholders by personally interviewing and persuading them to accept the Plan. He also received considerable assistance from the members of the committee, composed of Olney, Carr, Norman, Schoonmaker, Thayer, and Hart. The assents of several thousand shares of stock controlled directly and indirectly by these men were immediately made available when they were persuaded by Prince to serve on the committee. The result was that when Moseley & Co. launched its soliciting campaign among the smaller stockholders in August, following the circular letter of July 31, sent out by the committee, they were in a position to state, without seriously exaggerating the real situation, that from 45,000 to 50,000 shares had already assented.

Following are two letters, bearing on the facts stated above, which passed between Prince and Armour in July, 1911:

JULY 17, 1911.

DEAR MR. ARMOUR: I am glad to hear that you are home. I am working along the lines of the plan decided upon. It is hard work and requires my seeing personally

each shareholder, therefore taking much time. I am getting all the large shareholders in and when that is accomplished I think all the smaller ones will follow. As soon as I get the matter along so that my presence is not necessary I will come out and see you.

Sincerely yours,

J. OGDEN ARMOUR, Esq., *Chicago, Ill.*

J. Ogden Armour, Chicago.

JULY 19, 1911.

Mr. F. H. PRINCE,

c/o F. H. Prince & Co., Cor. State & Devonshire Sts., Boston, Mass.

DEAR MR. PRINCE: I am glad to get your note and to know you are getting along satisfactorily. Do you think that you will be able to put the matter through as you started and is it possible at the present time for you to know about when it will be accomplished?

Hoping you are well, I am,

Sincerely yours,

[Signed] J. OGDEN ARMOUR.

The question of devising an effective method to supplement the Moseley letters, and by which the common stockholders could be induced to give their assent to the Plan of June 30, 1911, received a great deal of attention in the correspondence between Prince and Armour. Not being satisfied with the slow progress they were experiencing in getting the assents of the stockholders, Prince considered the adoption of coercive measures which would spur them to quicker action and force the adoption of the Plan. The feasibility of having the committee declare the Plan operative after a certain majority of the stockholders had expressed their assent, and without waiting until all the stockholders had agreed, came under the consideration of Prince. He and Armour also had under consideration a plan to have the stock acquired under the syndicate agreement converted into 5 per cent bonds of the Maine company, which exchange, it will be remembered, could be effected at the ratio of $200 in bonds for one share (par value $100) of the common stock of the New Jersey company. It was in contemplation to have the assenting stock listed on the stock exchange and the non-assenting stock stricken from the list. Prince and Armour were then to manipulate the market in order to depreciate the value of the outstanding stock, and thus to force the small stockholders to assent to the Plan. The profitableness of this scheme, as well as the other points mentioned above, were the subject matter of the following two letters:

DEAR MR. A:

My programme is as follows:

We now have all the large stockholders signed actually	40,589
With 2,500 shares in New York whom I have been unable to see but whom I know will come in	2,511
Making a total of	43,000

There are 20,000 shares held in small lots which the Old Colony Trust Company and the Committee feel will certainly come in and it is proposed to give them until the first

of September, so that on that date we should have between 62,000 and 63,000 shares in. I suppose there will probably be about 2,000 shares that it will take some time to bring in, the parties being away, etc. If these are the conditions on that date my idea is to have the Committee declare the plan operative on the first of September and then F. H. P. & Co. will pay in $1,000,000 to the Old Colony Trust Co., of which your proportion will be as 6,500 shares is to 33,000 shares. My idea is to immediately dispose of our bonds, including yours with ours. We can sell the same in the Boston market at about 90 but if the Morocco situation is out of the way in Paris, I believe from proposals I have had from there that we should be able to get about par in France. At 90 for the bonds the stock will show you about 18 per cent. profit, so that on marketing the bonds you would have your $300,000 returned and about $117,000 profit on your shares, while your [the] proportion you would have invested would be a little less than $200,000.

I would then await the decision of the U. S. Commerce Court. This will give our office time to pick up the remaining 2,000 shares. In the meantime, if Mr. Spoor thinks it advisable, I can meet the packers and explain to them what the advantage in the formation of the Company is; namely, that the large holders have bought up the small holders in order to permit them to carry out the present arrangement if possible, or to be in a position to make some other arrangement for the mutual benefit of both parties.

Very truly yours,

DEAR MR.:

My idea is that we shall have a committee meeting on Monday when we shall have over 60,000 shares assented. I then propose to declare the plan operative and ask the stockholders to deposit their stock immediately. Then we will form the Maine Company with a capital of say $8,000,000 and we will pay in $1,000,000 of which your proportion will be

I then propose to form a syndicate to purchase $1,500,000 of the 5 percent. bonds and I would like to have your Bank take $500,000 and we will get the Standard Trust Co. to take $500,000, you and I to take $250,000 each. You and I will sell to the syndicate $1,000,000 at 90 less two percent., of which you will sell $350,000 and we will sell $650,000, and we will give the syndicate an option on the balance of our bonds at 90, 91 and 92. I propose to have the guarantee stock listed on the stock exchanges and the present stock will be stricken from the list. We shall do our best then to depreciate the value of the outstanding stock so as to get the small holders to come in. The guarantee stock will commence, to draw dividends at the rate of nine percent. commencing with November 1st. My idea would be that perhaps for the first six months to have the New Jersey Company only pay 8 percent as at present and the other two percent to be paid out of the treasury of the Maine company, which would amount to but $65,000. Then during the next two or three months our office will busy itself with getting the outstanding stock in, which in time we should get down to a minimum. In the meantime we will have the decision some time in January in the Commerce Court case, which, according to agreement, we are to carry to the Supreme Court. As soon as we have all the stock in, and it seems advisable, we can declare the surplus by a dividend on the old stock.

Both of these letters presented above were found in the files of F. H. Prince. The first letter bore a pencil memorandum in the upper left-hand corner to the effect that the original had been delivered to J. O. Armour on August 1, 1911. The second letter, though apparently never completed and mailed to Armour by Prince, is of value, inasmuch as it reveals the plans he had under consideration at the time.

SECTION 23.—THE CONSUMMATION OF THE PLAN.

Although it had been contemplated, as evidenced by reference to Prince's letter to Armour on page 238, that the Plan would be declared operative on September 1st, official action of this nature was not taken by the committee until September 25th. A memorandum representing a copy of the minutes of the meeting at which the committee declared the Plan operative, together with the announcement of the action taken, which was sent to the common stockholders of the New Jersey company, is as follows:

A meeting of the Committee was held at Room 710, Sears Building, Boston, on Monday the 25th day of September, at twelve o'clock noon.

There were present Messrs. Olney, Carr, Thayer, and Hart of the Committee, Mr. Palmer of counsel, and during part of the meeting, by invitation, Messrs. Prince and Wadden of the firm of F. H. Prince & Company. Absent, Messrs. Schoonmaker and Norman, of the Committee.

The records of the meeting of 28th July, and the record of the informal action of the Committee relating to the circular dated September 2, 1911, were read and approved.

The Secretary reported that the Old Colony Trust Company, Depositary, advised him that the company had on file assents from the holders of 59,823 shares, and in transit 373 shares, making the total definite assents to date 60,196.

Mr. Prince submitted the names of the holders of about 1,500 shares, assents from whom were delayed from one cause or another, but assents from whom were definitely expected.

On motion duly made and seconded, it was voted:

(Plan declared operative. Mr. Palmer will prepare vote.)

Mr. Palmer submitted the following form of circular: (Insert circular.)

Upon motion duly made and seconded it was voted:

(Mr. Palmer will prepare vote.)

Upon motion duly made and seconded it was Voted: That the Old Colony Trust Company, Depositary, be and hereby is authorized to receive assents from shareholders, such assents to be accepted subject to the approval of this Committee.

Upon motion duly made and seconded, it was

Voted: That the Secretary be and he hereby is authorized in his discretion to approve on behalf of this Committee the acceptance of assents by the depositary.

There being no further business, it was voted to adjourn subject to the call of the Chairman.

CHICAGO STOCK YARDS COMPANY,
Boston, September 27, 1911.

To the Holders of the Common Stock of the Chicago Junction Railways and Union Stock Yards Company.

The undersigned committee under the Plan dated June 30, 1911, announced that the holders of more than 60,000 shares of the common stock of the Chicago Junction Railways and Union Stock Yards Company have assented to the said Plan, and that the Chicago Stock Yards Company has been organized under the laws of Maine with a capital stock of $1,000,000 paid in cash.

The committee has declared the said Plan to be operative.

Assenting shareholders are notified to present their certificates *forthwith* to the Old Colony Trust Company, 17 Court Street, Boston, for endorsement of the guaranty thereon as provided in the said Plan. Shareholders desiring to exchange their shares immediately for the 5 per cent bonds of the Chicago Stock Yards Company, on the

basis of $200 in par value of bonds for each share as provided in the said Plan, should sign the enclosed form and file the same with their certificates *properly endorsed in blank* with the trust company, receiving therefor receipts of the said trust company exchangeable for bonds when ready.

The bonds will be dated 1st October, 1911, but any shareholders failing to file their election to take bonds on or before 15th October, 1911, will be charged with accrued interest up to date of filing same with the said trust company.

The fixed income on guaranteed shares (not exchanged for bonds) will begin as of 1st October, 1911, for all shareholders who present their certificates for endorsement on or before 15th October, 1911. For shareholders who do not present their certificates on or before 15th October, 1911, the fixed income will begin as of the date of actual presentation.

The right of exchange for bonds will remain open until 30 days after notice of withdrawal shall be given to the trust company by the Stock Yards Company.

As a dividend is to be paid on the present common shares on the 1st October, 1911, and the interest on the bonds as well as the fixed income on the assenting shares are to begin as of the same date, no interest or dividend adjustment in cash is necessary.

Arrangements will be made to buy or sell fractions of bonds for amounts less than $500 at a price to be fixed later.

Richard Olney, *Chairman*; Samuel Carr; Guy Norman; S. L. Schoonmaker; E. V. R. Thayer; F. R. Hart, *Secretary;*

17 Court St., Boston.

As noted in the above circular, the holders of the 60,000 and odd shares of the common stock of the New Jersey company who up to that time had assented to the Plan of June 30 by affixing their signatures to the special form prepared for this purpose and deposited by them with the Old Colony Trust Co. were given the option of either turning in their certificates of stock for endorsement of the 9 per cent guarantee of the Maine company thereon or of exchanging their stock certificates for 5 per cent bonds of the Maine company on the basis of $200 in par value of bonds for each share as provided in the Plan of June 30, 1911.

On September 27, 1911, when the Plan was declared operative, a trust agreement provided for by the Plan of June 30, 1911, became effective. Under the terms of this trust agreement the Old Colony Trust Co. was appointed trustee for those stockholders who elected to have the 9 per cent guarantee endorsed on their stock certificates. The trustee was authorized to accept on behalf of the guaranteed stockholders, such dividends as might be declared by the New Jersey company on the stock thus endorsed, as well as any funds contributed by the Maine company to make up the guaranteed 9 per cent. It was provided that in the event of a declaration of dividends in excess of 9 per cent on its common stock the residue thereof should be paid by the trustee to the Maine company. Provision was also made that in case of default on the part of the Maine company to provide funds to cover the 9 per cent guaranteed dividends and such default continuing for a period of one year the guaranteed shareholder was given the right to withdraw from the agreement.

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It is to be noted that although the guaranteed shareholders assigned their right to receive dividends declared by the New Jersey company on its common stock in excess of 9 per cent they have not surrendered their voting privileges. This is not true of the stock exchanged for bonds of the Maine company in which case the Maine company exercises as owner of the stock the full voting privileges. The trust agreement follows:

CHICAGO STOCK YARDS COMPANY TRUST AGREEMENT WITH OLD COLONY TRUST COMPANY.

An Agreement the 27th day of September, 1911, by and between the Chicago Stock Yards Company, incorporated under the laws of Maine (herein called the Stock Yards Company), of the 1st part, the Old Colony Trust Company, incorporated under the laws of Massachusetts (herein called the Trustee), of the 2nd part, and the holders of certificates representing shares in the common stock of The Chicago Junction Railways and Union Stock Yards Company, incorporated under the laws of New Jersey (herein called the Old Stock Yards Company), guaranteed as hereinafter provided (said several holders being collectively referred to herein as the Guaranteed Shareholders), of the 3rd part.

Whereas the Stock Yards Company has been organized under the laws of Maine with a capital of $1,000,000 and with power to own and hold shares of the Old Stock Yards Company and generally to engage in the business of a stock yards company and to have and exercise all the powers, rights, and authorities and do all the things that the Old Stock Yards Company is authorized to do;

And Whereas the holders of more than a majority of all of the common shares of the Old Stock Yards Company have either expressed their assent to the provisions of this agreement and agreed to deposit their certificates to be guaranteed as hereinafter provided or have sold or agreed to sell their shares to the Stock Yards Company, all in pursuance of a Plan, dated June 30th, 1911, a copy of which is on file with the Trustee,—

Now, Therefore, it is agreed by and between the parties hereto as follows:

(1) The Stock Yards Company agrees to pay to every holder of shares of common stock in the Old Stock Yards Company whose certificates shall be stamped as hereinafter provided a sum equal to 2¼ per cent. of the par value of the shares represented by such certificates on the 1st days of January, April, July, and October in each year.

(2) Any holder of common shares of the Old Stock Yards Company may present his certificates representing such shares to the Old Colony Trust Company to be indorsed or stamped with the following indorsement, to wit:—

> "The Chicago Stock Yards Company does hereby guarantee to the holder of the shares evidenced by this certificate and the assigns of such holder and to the transferee hereof, to pay to the registered holder of said shares at the time of such payment, on the first days of January, April, July and October in each and every year, beginning on the 1st day of January, 1912, a fixed sum amounting to two and one-fourth per cent. upon the par value of said shares, in consideration of which guaranty and the due and punctual performance thereof from time to time, the holder of said shares and each and every assign thereof does hereby sell, assign, set over and direct to be paid to the Old Colony Trust Company, as Trustee under the agreement hereinafter mentioned, or upon its written order, any and all dividends and other payments out of earnings apportionable to the shares represented by this certificate or directed to be paid to the holder hereof, which may at any time be made by or on behalf of The

Chicago Junction Railways and Union Stock Yards Company, or its successor, to be by said Trustee disposed of as in said agreement specified and provided.

"This indorsement is placed hereon pursuant to and subject to the terms and conditions of a certain Trust Agreement dated September 27th, 1911, signed by the Chicago Stock Yards Company and deposited with the Old Colony Trust Company, as Trustee, to which the holder hereof has assented and become a party.

"Each and every assign or transferee of this certificate, by accepting delivery hereof, does accept and confirm the above-mentioned assent of the holder and the terms and conditions of said Trust Agreement and become a party thereto and does direct the placing of this indorsement on any new certificate which may be issued in lieu hereof."

CHICAGO STOCK YARDS COMPANY
By ASSISTANT SECRETARY.

And upon such guaranty having been indorsed upon the said certificate or certificates every holder of such certificate by accepting delivery thereof shall become a party of the 3rd part to this agreement in the same manner and to the same extent as if he had signed the same and affixed his seal thereto.

(3) The Stock Yards Company hereby agrees to authorize, execute, and deliver to the Old Colony Trust Company as Trustee a trust indenture to secure an authorized issue of its Collateral Trust Gold Bonds, and payable in 50 years from their date with interest in the mean time at the rate of 5 per cent, per annum, payable semi-annually, and to secure such debentures by deposit with the Trustee of (1) shares in the common stock of the Old Stock Yards Company to an amount of $100 on par value of such shares for $200 of face amount of bonds, or (2) shares in the preferred stock of the Old Stock Yards Company to an amount of $100 in par value of such shares for $120 in face amount of bonds. And, in case shares so deposited as security shall be represented by certificates guaranteed as hereinbefore provided, such guaranty shall be cancelled and new certificates without such guaranty shall be obtained from the Old Stock Yards Company and substituted under said trust indenture.

(4) The Stock Yards Company hereby vests in each and every holder of certificates guaranteed as herein provided the privilege to exchange such certificates and the shares represented thereby for Collateral Trust Bonds hereinbefore described at the rate of $200 in par value of debentures for $100 in par value of such shares. The Stock Yards Company may withdraw the said right of exchange provided that such withdrawal shall not take effect until at least 30 days after notice thereof shall have been given to the Trustee. Upon receiving such notice the Trustee shall as soon as convenient notify the holders of the outstanding certificates so guaranteed by mail at their addresses as shown on its books or the books of the Old Stock Yards Company, of the termination of such right of exchange and the date when the same takes effect.

(5) In consideration of the foregoing agreement on the part of the Stock Yards Company the Guaranteed Shareholders hereby sell, assign, and transfer to the Trustee all their several and respective rights to dividends upon the shares of common stock of the Old Stock Yards Company represented by the guaranteed certificates, and hereby authorize and direct the Old Stock Yards Company to pay such dividends and all other sums, profits, and values accruing from or on account of any such shares to the Trustee, to be held and paid out by the Trustee as follows: (a) to be used together with any sums that may be contributed by the Stock Yards Company for the purpose in paying to the respective holders of guaranteed certificates fixed sums amounting to 2½ per cent. on par value of the shares represented by the said certificates on the first days of January, April, July, and October in each year, and (b) to pay the residue thereof to the Stock Yards Company or upon its written order. And the Stock Yards Company hereby guarantees to the Trustee and to the Guaranteed

Shareholders that it will pay and make up to the Trustee all deficits, so that the Trustee will be able to pay the said fixed sums to the Guaranteed Shareholders as hereinbefore provided.

(6) In case for any reason the Trustee shall not pay the said fixed sums to the Guaranteed Shareholders and default in such payment shall continue for a period of 60 days the Trustee shall have the right to proceed against the Stock Yards Company and enforce such payment and the fulfillment of all the agreements on the part of the Stock Yards Company herein contained. And the Trustee shall represent equally and pro rata all the Guaranteed Shareholders in any such proceedings.

(7) In case of such default continued for the period of one year any Guaranteed Shareholder may notify the Trustee that he withdraws from this agreement and may present his certificate to the Trustee for the purpose of having his said indorsed guaranty thereon cancelled. In that case the Trustee shall cancel the said guaranty and the holder of such certificate shall be freed from all further obligation hereunder and the Stock Yards Company shall be freed from all obligations to such certificate-holder except with respect to any fixed sums which theretofore shall have become due and payable under the provisions hereof.

(8) Each Guaranteed Shareholder hereby irrevocably directs the Old Stock Yards Company (except as in and by the foregoing Paragraphs 3 and 7 permitted) not to make or cause to be made any transfer of any stock certificate which may be stamped as hereinbefore provided or to issue or deliver any certificate for or representing any shares mentioned therein, unless (a) the transferee of such stock certificate shall have first assented to this Trust Agreement and consented to and directed the stamping thereon of said guaranty and agreement or (b) the said new certificate shall before the issue and delivery thereof be stamped with said guaranty and agreement.

(9) It is expressly agreed that the Trustee shall not have any duty or responsibility from, arising out of, or on account of any of the terms or provisions of these presents, except for the payment of the moneys coming into its hands according to the provisions hereof, and shall not be in any way liable or responsible for the execution or fulfilment of any covenants or agreements herein contained. But it is agreed that the Trustee may and shall be fully empowered, either in its own name or for or on behalf of the Guaranteed Shareholders, with or without the request of any of them, to enforce and compel, or to take any or all proceedings to enforce or compel, the due execution and fulfilment of the said covenants and agreements without any duty, obligation, or responsibility on the part of the Trustee to take, bring, or continue any such action or proceeding. The Trustee may pay such reasonable remuneration as it shall deem proper to any attorneys, officers, agents, servants, and employees that it may reasonably employ in the management of the trusts and powers thereof, and all such remuneration and all other reasonable expenses and disbursements of the Trustee, including its own reasonable remuneration, shall be paid by the Stock Yards Company. The Trustee may at any time in its discretion resign its trusts hereby created by filing its resignation in any court having jurisdiction and publishing notice thereof once a week for three successive weeks in one or more newspapers published in the city of Boston, and such resignation shall take effect upon the appointment of a new trustee, which shall be a trust company incorporated by or under the laws of Massachusetts, and may be appointed by such court upon application of the retiring Trustee or any of the Guaranteed Shareholders. And the clauses contained herein and referring to the Trustee shall extend and be applicable to the trustee for the time being of these presents, and every such trustee shall be exempt from giving any bond or surety in respect of the execution of the said trusts or powers or otherwise in respect of the premises.

In Witness Whereof the Chicago Stock Yards Company and the Old Colony Trust Company have caused their common seals to be hereto affixed and these presents to

be signed in their behalf by their proper officers thereto duly authorized the day and year first above written.

OLD COLONY TRUST CO.,	CHICAGO STOCK YARDS COMPANY,
By	By
——— ———, *Vice-President.*	——— ———, *President.*
Attest:	Attest:
——— ———, *Secretary.*	——— ———, *Secretary.*

SECTION 24.—THE $1,000,000 FUND OF THE MAINE COMPANY AND THE REASONS FOR RAISING THE FUND.

The Maine company was formed as announced in the foregoing circular letter and the first meeting of directors of the company was held September 27, 1911. Two letters quoted below show that two days prior to this meeting, F. W. Croll, representing J. O. Armour, sent a check for $194,000 to W. M. Wadden, confidential man for F. H. Prince. This amount, together with $806,000 furnished by Prince, as disclosed from a study of Prince & Co.'s accounting records, represented the $1,000,000 of paid-in capital which it had been announced the new company would have as a guarantee fund.

Personal. CHICAGO, *Sept. 25, 1911.*

Mr. W. M. WADDEN,

28 State St., Boston, Mass.

DEAR MR. WADDEN: As requested in your telegram of the 22nd I beg to enclose herewith check on Boston for $194,000. I should have forwarded this on Saturday but it was overlooked and I trust that this will not inconvenience you in any way.

Kindly acknowledge receipt.

Yours very truly,

FWC Er ENC. [Signed] F. W. CROLL.

F. H. Prince & Co., Cor. State and Devonshire Sts.

BOSTON, *September 27.*

DEAR MR. CROLL: I duly received your cheque for $194,000, which has been paid in to the Chicago Stock Yards Company. This Company was formed today and held its first meeting. I will write you later, giving the list of officers and full information regarding the company.

Very truly yours,

F. W. CROLL, Esq., *Chicago, Ill.*

The following letter written by Wadden on the same day that the $1,000,000 referred to above was placed to the credit of the Maine company in the Merchants National Bank throws light on the motives that prompted Prince and Armour to pay the $1,000,000 into the treasury of the Maine company. According to the circular letters issued by the committee and the Moseley letters, this money was to serve as a guarantee fund for the prompt fulfillment of the stipulations made to the assenting stockholders of the New Jersey company.

OCTOBER 4, 1911.

DEAR MR. CROLL: Assents have been obtained regularly since Mr. Prince was in Chicago and we now have close to 62,000 deposited. Exchanges are being made rapidly and should be completed some time the middle of the month. We are arranging in accordance with instructions from Mr. Prince to have bonds issued covering the 6,500 shares owned by Trust Account A.

I suppose you know that at present I am Treasurer of the Chicago Stock Yards Co. We have $1,000,000 in cash on deposit with the Merchants National Bank. This deposit is drawing 2 per cent. interest at present and we thought it best to allow it to stand for a time,—for the moral effect.

I expect to be in Chicago at an early date and will be glad to go over all the affairs with you at that time that you may have whatever information you desire.

Very truly yours,

The words "we thought it best to allow it to stand for a time—for the moral effect" are significant in as far as they show that in offering the stockholders of the New Jersey company a guarantee of 9 per cent dividends on their stock to insure the payment of which they pledged on behalf of the Maine company the sum of $1,000,000, Prince and Armour were well aware that the property already back of the New Jersey company's stock possessed an earning power sufficient to pay dividends very much in excess of 9 per cent, and that any income which might be derived from the contribution of $1,000,000 would not be needed. The $1,000,000 fund was useful in the committee's letters and the Moseley letters in that it tended to impress the small stockholders and so minimized the sacrifice they were being called upon to make. The fact that a few months later Prince and Armour borrowed almost all of the $1,000,000 from the Maine company serves to explain what may have been meant by Wadden's words, "we thought it best to allow it to stand for a time," and furnishes further evidence that Prince and Armour never anticipated that the $1,000,000 would be used by the Maine company as an indispensable means of carrying out the stipulations of the Plan, and that it was only used for the "moral effect."

SECTION 25.—DUMMIES USED AS ORGANIZERS, OFFICERS, AND STOCKHOLDERS OF THE MAINE COMPANY.

Although the evidence is plain that Prince and Armour were the actual promoters and organizers of the Maine company and that they alone contributed between them the $1,000,000 in cash paid into the Maine company, at the time of its formation in 1911, their names have never been associated with the Maine company as officers or directors nor as stockholders of record on the books of the company. The officers and directors of the company have always been dummies consisting in part of clerks furnished by the Corporation Trust Co. of Maine and in part of employees in the office of F. H. Prince & Co., Boston.

The following names appear as the original subscribers to the stock of the Maine company, and these men, who were employees of the Corporation Trust Co. of Portland, Me., also constituted the first board of directors:

	Shares
Clarence E. Eaton, Portland, Me	2
T. L. Crotean, Portland, Me	2
Albert F. Jones, Portland, Me	2
Albert A. Richards, Portland, Me	2
B. M. Maxwell, Portland, Me	2

SECTION 26.—CAPITALIZATION OF THE PLAN AT $7,000,000.

The first meeting of the directors at which official business was transacted, was held on September 27, 1911. At this meeting a resolution was adopted that an agreement be entered into by the directors with F. R. Pegram, a man who had been for 25 years in the employ of F. H. Prince & Co. as messenger and bookkeeper. This agreement provided for the issuance by the Maine company of 80,000 shares of its capital stock, having a total par value of $8,000,000, all of which was to be given to F. R. Pegram as consideration for the payment by him of $1,000,000 in cash and the sale to the company of the Plan, dated June 30, 1911, with assents thereto of the shareholders of the New Jersey company; the Maine company to acquire thereby all the benefits arising out of the Plan and the assents. The following is a copy of this agreement as consummated at that meeting:

An agreement made this 27th day of September 1911 between Frank R. Pegram of Cohasset, in Massachusetts of the one part and the Chicago Stock Yards Company Inc. under the laws of Maine (herein called the company) of the other part.

Whereas the said Pegram and his associates caused to be formulated a plan dated June 30, 1911 with the following, namely:

Richard Olney, Chairman,
Guy Norman
S. L. Schoonmaker
E. V. R. Thayer
F. R. Hart

as committee and the said Pegram has obtained the assent to the said plan of the holders of more than sixty thousand common shares of the Chicago Junction Railways & Union Stock Yards Company. As evidenced by their assents deposited with the Old Colony Trust Company and the said Pegram now holds and controls the said assents and the right to transfer the same together with all interests therein and all benefits to accrue therefrom.

And whereas the said plan

(a) Assures to the Chicago Junction Railways & Union Stock Yards Company a continuance of the business now carried on by the packers upon a permanent basis and a great increase in the earnings, profits and dividends, to which the holders of the common shares of the Chicago Junction Railways & Union Stock Yards Company will become entitled as well as a great increase in the value of the said shares, and

(b) will vest in the company (if it shall acquire the uses and benefits of the said plan) the right to all dividends and other payments out of earnings appor-

tionable to the said common shares the holders of which have heretofore assented or may hereafter assent to the said plan over and above the fixed annual amounts and fixed annual charges specified in the said plan. But the company cannot receive any of the said benefits without having acquired the same from the said Pegram nor without having raised $1,000,000. in cash in order to comply with the conditions specified in the said plan.

And whereas the company has been organized under the laws of Maine with a capital of $1,000,000. and desires to acquire the uses and benefits of the said plan and the action of the said share holders thereunder and requires the sum of $1,000,000. in cash so to do.

Now therefore it is agreed by and between the parties hereto as follows:

(1) The said Pegram hereby sells, assigns, transfers and sets over to the company its successors and assigns the said plan dated June 30, 1911 and all the assents thereby of the share holders of the Chicago Junction Railways and Union Stock Yards Company which have heretofore been made as well as all such assents and benefit in and to the said plan and assents that may hereafter be made together with all right title, interest of every kind and nature. And the said Pegram agrees to pay to the company forthwith the sum of $1,000,000. in cash.

(2) The company hereby accepts the foregoing property and acknowledges that it has received the payment of the said sum of $1,000,000.

(3) As consideration for the said property and for the services of the said Pegram the company agrees to pay $8,000,000. therefor payable in the full paid nonassessible stock of the company at par. The company agrees to issue and deliver forthwith to the order of the said Pegram $999,000 par value of the capital stock of the company now authorized and not heretofore subscribed. The company further agrees to cause to be delivered forthwith to the order of the said Pegram the $1,000 par value of its capital stock heretofore subscribed. The company further agrees to increase its authorized capital stock to an authorized amount of $8,000,000 capital and to issue and deliver to the order of the said Pegram $7,000,000 par value of its shares as soon as such increase can be made according to law.

In witness whereof the said Pegram has hereto affixed his hand and seal and the company has caused its common seal to be hereto affixed and these presents to be signed in its name and behalf of its proper officer the day and year first above written.

Frank R. Pegram [seal.]
Chicago Stock Yards Company
By
George F. Doherty
President

Attested, Norman J. MacGaffin

[Seal C. S. Y. Co.]

It is evident that Pegram was used as a dummy by Prince and Armour to conceal their identity with the deal. The $1,000,000 which Pegram used in this connection was the same money which Prince and Armour had jointly contributed, and the Plan, which had now become possessed of a value of $7,000,000, was the same Plan to which the holders of about 60,000 shares of the New Jersey company's stock had assented at that time.

On November 11, 1911, the capital stock of the Maine company was increased to $8,000,000 divided into 80,000 shares of a par value of $100 all of which was given to Pegram in accordance with an agreement of September 27, 1911. On the records of the company he was credited only with 79,990 shares, the other 10 shares having been recorded in the names of other dummies in order to qualify them as directors.

SECTION 27.—OBSTACLES ENCOUNTERED BY PRINCE AND ARMOUR IN ABSORBING THE SURPLUS EARNINGS OF THE NEW JERSEY COMPANY AND OF ITS SUBSIDIARIES.

Prince had intended to have the New Jersey company and its subsidiary companies declare dividends from their accumulated surplus earnings soon after the Maine company was formed. This plan was frustrated owing to the fact that the holders of nearly 4,000 shares of the common stock of the New Jersey company failed to send in their assents to the Plan of June 30, 1911, at the time the Maine company was formally organized and consequently he could not declare a dividend without permitting the holders of the non-assenting stock to share in it. The situation was still more complicated by the fact that not all of the stock of the Yards company was owned by the New Jersey company in 1911 and any dividends declared by that company would not go to the New Jersey company alone but would be shared by all the holders of the stock.

The obstacle presented by the non-assenting stock of the New Jersey company and of the 1,000 and odd shares of the Yards company owned by outside interests was not removed until the end of 1913. At that time the assents of all but 103 shares of the non-assenting stock of the New Jersey company had been secured. Prince and Armour found it necessary to purchase 100 shares of the stock, paying the sum of $65,000 for it, while no arrangement has ever been made with reference to three shares owned by P. H. Clark, it having been asserted that it has been impossible to locate him.

All of the stock of the Yards company was finally acquired in 1913 and added to that already held by the New Jersey company. For some of this stock more than $470 per share was paid. The following table, an analysis made from the records of the New Jersey company, shows when and at what price the stock of the Yards company was acquired by the New Jersey company.

Analysis of investment account representing Union Stock Yard & Transit Co. stock owned by the New Jersey company.

Year bought.	Number of shares.	Total amount paid.	Average price paid per share.
1890	[1] 129,770	$22,587,282.90	$174.06
1893	218	39,759.92	182 [illegible]
1894	206	35,450.00	172.[illegible]
1894	50	10,000.00	200
1896	360	72,000.00	200
1906	52	13,000.00	250
1907	139	33,360.00	240
1908	52	12,532.00	241
1910	10	2,400.00	240
1911	94	22,586.00	240.27
1912	300	100,000.00	333.33
1913	12	4,801.50	400
1913	548	258,424.00	471.57
1913	190	60,851.17	320.26
Total	132,000	23,252,448.49	

[1] Original purchase from promotors.

SECTION 28.—ISSUE OF BONDS BY THE MAINE COMPANY AND REASONS FOR THEIR LOW MARKET VALUE.

On October 1, 1911, the Maine company began to issue its 5 per cent collateral trust gold bonds in exchange for the assented stock of the New Jersey company. By the end of December 1911, three months after the formation of the Maine company a total of $3,741,000 in bonds had been exchanged for 18,705 shares of common stock. During the next two years the records of the Maine company show that only 12,265 additional shares were exchanged for bonds, or in other words in December, 1913, the records show that a total of 30,970 shares of stock had been acquired by the Maine company in exchange for bonds which that company had issued amounting to $6.194,000. Since that date and up to December 31, 1918, only 130 additional shares of stock have been converted into bonds. At that date, 33,897 shares still bore the guarantee of the Maine company and were receiving 9 per cent dividends, while the three shares owned by P. H. Clark were still classed as non-assenting stock, having never been stamped with the guarantee or exchanged for bonds.

The bonds of the Maine company were not favorably regarded by the investing public as sales of these bonds as low as $76 were recorded. There was one reason at least which undoubtedly accounts in part for the attitude of the investing public toward the bonds of the Maine company. These bonds were secured only by the stock of the New Jersey company for which they had been exchanged and the $1,000,000 in cash paid into the Maine company by Armour and Prince. The New Jersey company had been paying 8 per cent dividends on its common stock and since the Maine company had obligated itself under the terms of the Plan to pay 9 per cent dividends on such shares as accepted the guarantee provision of the Plan, the

additional 1 per cent had to be made up by the Maine company. In the case of stockholders who had elected to exchange their stock for 5 per cent bonds of the Maine company at the rate of $200 in bonds for $100 par value of stock, thus insuring themselves a 10 per cent return on their stock, the Maine company was obligated to make up the additional 2 per cent.

The income derived from the $1,000,000 of cash paid in by Armour and Prince was not sufficient to pay the expenses of the Maine company and provide the additional income required to meet the obligations of the Maine company outlined above. It is not surprising, therefore, to find that on December 31, 1912, the Maine company showed a deficit of $168,489.44. This means that the fund of $1,000,000 which had been provided as a guarantee fund to insure that the provisions of the Plan would be carried out, had been depleted to that extent in less than one and one-half years after the company had been formed. As the depletion of the $1,000,000 increased, that part of the income of the Maine company which had been derived from this source decreased. This naturally hastened the depletion of the capital of the Maine company. The attitude of the investing public toward the bonds of a company which seemed to be approaching insolvency is readily understandable.

It will be noted that the Maine company owns and exercises the voting rights of the stock surrendered to it in exchange for its 5 per cent bonds. The Maine company also owns 100 shares of the New Jersey company's common stock which it purchased outright for $65,000. This stock has been stamped with the guarantee and is therefore classed as guaranteed stock. It has been pointed out on page 242 that the holders of the guaranteed shares retained and may exercise full voting rights with respect to their stock holdings.

At the end of 1913 the Maine company owned 30,970 shares of the common stock of the New Jersey company for which it gave bonds in exchange and 100 shares of guaranteed stock, thus giving the Maine company a total voting strength of 31,070 shares. This represented less than one-half of the voting strength of the 65,000 shares of common stock and less than one-fourth of the total voting strength of the stock of the New Jersey company—it being recalled that the 65,000 shares of preferred stock issued by that company also carry full voting privileges.

The fact that the Maine company owns less than one-fourth of the voting securities issued by the New Jersey company does not, however, prevent the Maine company from actually controlling that company due to the fact that Prince succeeded in being elected president and in securing the election of a sufficient number of his associates as directors in 1911 to insure to him the majority control of the management of that company. Prince continues to maintain his control

of the management by naming the men each year who vote the proxies which he obtains from the preferred and guaranteed stockholders.

It was pointed out above that the $1,000,000 of the Maine company was rapidly nearing depletion owing to the fact that from October, 1911, to December, 1913, the New Jersey company had continued to pay 8 per cent dividends on its common stock and the Maine company had been forced to provide the additional funds in order to make up the 9 per cent dividends on the guaranteed stock and the interest on the 5 per cent bonds given in exchange for stock—this interest being an equivalent of 10 per cent dividends on such stock.

It lay within the power of Prince and Armour to remedy the condition of the Maine company at any time by having the New Jersey company increase the dividend rate on its common stock or by declaring a special dividend. But, as previously brought out, if this had been done at any time during 1911 or 1912, those stockholders of the New Jersey company who had not assented to the Plan would also have shared in the extra dividends. Furthermore, the declaration of extra dividends would have made it more difficult for Prince and Armour to acquire the outstanding stock for the obvious reason that this would have increased its market value.

As evidenced from the letters quoted on pages 238 to 239, Prince and Armour had expected to convert the 13,000 shares of stock which they had acquired under the syndicate agreement into 5 per cent bonds of the Maine company soon after the formation of that company. But in view of the attitude of the investing public toward the bonds of the Maine company, they did not deem it wise to carry out this plan for a time.

However, in August, 1912, Prince found that the New Jersey company and its subsidiary companies had some funds which were not needed for their immediate business operations, and he then decided to convert part of his stock and of Armour's into bonds to be sold to these companies. In this way he eventually disposed of $2,085,000 worth of the Maine company's bonds mostly at the rate of $91, which was a somewhat better price than he had originally planned to dispose of the bonds to the banks. The companies were induced by Prince to invest their funds in these bonds, as shown in the following table:

	Number of bonds purchased.	Amount paid.
New Jersey company	600	$546,000
Yards company	1,244	1,127,415
Railway company	241	218,810
Total	2,085	1,892,225

SECTION 29.—THE FIRST ACQUISITION OF THE SURPLUS OF THE NEW JERSEY COMPANY AND OF ITS SUBSIDIARIES.

In October, 1913, the first steps were taken by Prince and Armour to acquire the surplus of the New Jersey company and of its subsidiary companies, but it was not until December, 1913, that the Maine company received any of these surplus funds.

On October 2, 1913, both the Yards company and the Railway company adopted resolutions authorizing the payment of special dividends to the stockholders of record on that date. The New Jersey company in turn adopted a similar resolution on November 3, 1913. At the same time a resolution was adopted by the directors of the New Jersey company, instructing the Yards company and the Railway company to pay the special dividends declared on October 2, 1913, to the Maine company. It should be noted that, although the subsidiary companies had authorized the payment of the special dividends declared by them immediately, such payment was held up. The reason for withholding the payment of the dividends on the part of the Yards company may have been the fact that on October 2, 1913, there were still a few shares of stock of this company which the New Jersey company had not acquired, and it would have been necessary to have divided the special dividend between the New Jersey company and the outside shareholders. The directors of the Yards company had probably taken the action declaring the special dividend on October 2, 1913, without being aware that all of the Yards company stock had not yet actually been acquired by the New Jersey company.

On December 11, 1913, a short time after the New Jersey company had finally acquired all of the outstanding stock of the Yards company, a new resolution was adopted by the Yards company, as well as by the Railway company, amending their respective resolutions of October 2, 1913, to the effect that instead of making the dividends payable to the stockholders of record, each of these companies adopted a resolution making the dividend payable to the order of the Chicago Junction Railways & Union Stock Yards Co., the owner of all of the stock of this company.

Copies of the records of the directors' meetings at which all of the above actions were taken follow:

Meeting of the Board of Directors of The Union Stock Yard & Transit Company, held at the office of the Chairman, Room 1305 First National Bank Building, Chicago, pursuant to by-laws and due notice, at 2:30 P. M., Thursday, October 2nd, 1913.

Present: A. G. Leonard, R. Fitzgerald, F. H. Prince, J. A. Spoor, R. M. Shaw.
Mr. Spoor acted as Chairman and Mr. Poronto as Secretary.
Minutes of the last meeting were read and approved.

The Chairman read the following letter:

"Chicago Junction Railways and
Union Stock Yards Company,
Chicago, October 1, 1913.

Mr. J. A. Spoor,
Chairman of the Board, Union Stock Yards & Transit Company,
Chicago, Illinois.

Dear Sir: Referring to our personal conversation at different times, I would be glad to have you call a meeting of the directors of the Company and declare a dividend from your surplus earnings and undivided profits of Eight and three-quarters (8¾) per cent, to be paid to the shareholders of record on October 2nd.

It is understood that this dividend shall be paid in part by the transfer to the stockholders of 1,244 (par value $1,000.00 each) Chicago Stock Yards 5% bonds your Company hold at their book value with interest to October 2nd, amounting to $1,127,587.79; and it is further understood that these bonds will be accepted by the stockholders in lieu of cash on the above basis, the remainder of the dividend, amounting to $27,412.21, to be paid in cash.

Very truly yours,

[Signed] F. H. Prince *President.*"

On motion duly made and seconded, the following Resolution was unanimously adopted:

Resolved that a dividend of Eight and three-quarters (8¾%) per cent, on the capital stock of the Union Stock Yard & Transit Company, from the surplus earnings and undivided profits of the Company be, and the same is, hereby declared payable on the second (2nd) day of October, 1913, to stockholders of record of said date.

On motion duly made and seconded, the following Resolution was unanimously adopted:

Resolved that the Treasurer of this Company be authorized to use the 1,244 bonds of the Chicago Stock Yards Company, now in the treasury, value, including interest to October 2nd, being $1,127,587.79, in partial payment of the dividend of 8¾%, providing the stockholders agree to accept the same in lieu of cash. The balance of said dividend to be paid in cash.

There being no further business to come before the meeting, it was, upon motion duly made and seconded, adjourned.

[Signed] J. A. Spoor *Chairman.*
H. E. Poronto *Secretary.*

Meeting of the Board of Directors of the Chicago Junction Railway Company, held at the office of the Chairman, Room 1305 First National Bank Building, Chicago, pursuant to By-laws and due notice, at 2:15 P. M., Thursday, October 2nd, 1913.

Present: J. A. Spoor, A. H. Leonard, F. H. Prince, R. Fitzgerald, A. H. Veeder, S. H. Strawn, H. E. Poronto.

Mr. Spoor acted as Chairman and Mr. Poronto as Secretary.

Minutes of the last meeting were read and approved.

The Chairman read the following letter:

"Chicago Junction Railways &
Union Stock Yards Company,
Chicago, October 1, 1913.

Mr. J. A. Spoor,
Chairman of the Board,
Chicago Junction Railway Company, Chicago.

Dear Sir: Referring to our personal conversations at different times, I would be glad to have you call a meeting of the directors of the Company and declare a dividend

from your surplus earnings and undivided profits of Ten (10%) per cent, to be paid to the shareholders of record on October 2nd.

It is understood that this dividend shall be paid by the transfer to the stockholders of the 241 (par value $1,000 each) Chicago Stock Yards 5% bonds your Company hold at their book value with interest to October 2nd, amounting to $218,843.47; and it is further understood that these bonds will be accepted by the Chicago Junction Railways & Union Stock Yards Company in lieu of cash on the above basis, the balance of the dividend, amounting to $1,156.53, to be paid in cash.

Very truly yours,

[Signed] F. H. PRINCE *President.*"

Upon motion duly made by Mr. Leonard and seconded by Mr. Fitzgerald, the following Resolution was unanimously adopted:

Resolved, that a dividend of Ten (10%) per cent, on the capital stock of the Chicago Junction Railway Company, from the surplus earnings and undivided profits of the Company, be, and the same is, hereby declared payable on the second (2nd) day of October, 1913, to stockholders of record of said date.

Upon motion made by Mr. Fitzgerald and seconded by Mr. Leonard the following Resolution was unanimously adopted:

Resolved that the Treasurer of this Company be authorized to use the 241 bonds of he Chicago Stock Yards Company, now in the treasury, value, including interest to October 2nd, being $218,843.47, in partial payment of the dividend of ten (10%) per cent, providing the stockholders agree to accept the same in lieu of cash. The balance of said dividend to be paid in cash.

There being no further business to come before the meeting, it was, upon motion duly made, adjourned.

[Signed] J. A. SPOOR, *Chairman.*
H. E. PORONTO, *Secretary.*
SILAS H. STRAWN.

At the meeting of the Board of Directors of The Chicago Junction Railways and Union Stock Yards Company held at the office of F. H. Prince & Company Boston, Mass., on Monday, the third day of November, 1913, at 11 o'clock A. M.

Present: Messrs. Prince, Wadden, Palmer, Thayer, Ames, Gardner, and Norman
Absent: Messrs. Lane, Schoonmaker, Dennis, and Spoor.

Upon motion duly made it was unanimously

Voted to authorize and instruct the Union Stock Yard & Transfer [Transit] Co. to deliver and pay to the Chicago Stock Yards Company or order the 1244 bonds and the $27,412.21 in cash constituting the special dividend declared by the said Union Stock Yard & Transit Company on the 2d of October, 1913, and to authorize and instruct the Chicago Junction Railway Company to deliver and pay to the Chicago Stock Yards Company the 241 bonds and $1,156.53 in cash constituting the special dividend declared by the Chicago Junction Railway Company on the 2d of October, 1913.

Whereas the Chicago Stock Yards Company has acquired and now owns 31,073 shares of the common stock of this company and the holders of all the remainder of the said common stock to wit the holders of 33,927 have accepted the terms of the trust agreement between the Chicago Stock Yards Company and the Old Colony Trust Company dated 27th September 1911 and the payment of guaranteed dividends at the rate of 9 per cent per annum as therein provided and all their certificates have been endorsed as provided therein and in consideration thereof have assigned all their rights to dividends and to all other sums profits and values accruing from or on account of the said guaranteed shares to the said trustee and subject to the payment of the said guaranteed dividends to the use of the Chicago Stock Yards Company.

And whereas the full guaranteed dividends have been paid to the holders of the guaranteed certificates for the year 1913 and accordingly the Chicago Stock Yards Company is entitled to all dividends and payments out of earnings apportionable to the common shares of this company.

Upon motion duly made and seconded it was unanimously

Voted to pay an extra dividend of 10 per cent on the common shares of the company in cash such payment to be made to the Chicago Stock Yards Company forthwith.

Upon motion duly made and seconded it was unanimously

Voted to authorize and instruct the treasurer to deliver $600,000 bonds of the Chicago Stock Yards Company now held by this Company and constituting part of its surplus net earnings to the Chicago Stock Yards Company.

There being no further business to come before the meeting it was unanimously

Voted to adjourn.

The meeting adjourned pursuant to foregoing vote.

A true record.

Attest: W. G. DOOLEY, *Secretary.*

Meeting of the Board of Directors of the Union Stock Yard & Transit Company, held at the office of the Chairman, Room 1305 First National Bank Building, Chicago, pursuant to by-laws and due notice, at 2 P. M., Thursday, December 11th, 1913.

Present: J. A. Spoor, R. M. Shaw, A. G. Leonard, R. Fitzgerald.

Mr. Spoor acted as Chairman and Mr. Poronto as Secretary.

Minutes of the last meeting were read and approved.

On motion duly made and seconded, the following Resolution was unanimously adopted:

Whereas, The Chicago Junction Railways and Union Stock Yards Company, the owner of all the capital stock of this Company, has requested this company to amend the resolution declaring the 8¾% dividend on October 2d, 1913;

Now, therefore, in accordance with said request:

Be it resolved, that the resolution declaring a dividend of 8¾% on the capital stock of this Company adopted on October 2d, 1913, be and the same is hereby amended to read as follows:

Resolved, that a dividend of 8¾% on the capital stock of the Union Stock Yard & Transit Company from the surplus earnings and the undivided profits of the company be, and the same is, hereby declared payable to the order of the Chicago Junction Railways and Union Stock Yards Company, the owner of all of the stock of this company.

There being no further business to come before the meeting, it was, upon motion duly made and seconded, adjourned.

[Signed] J. A. SPOOR *Chairman*
H. E. PORONTO *Secretary.*

Minutes of meeting of the Board of Directors of the Chicago Junction Railway Company, held at the office of the Chairman of the Board, Room 1305 First National Bank Building, Chicago, pursuant to by-laws and due notice, at 2.15 o'clock P. M. Thursday, December 11, 1913.

Present: J. A. Spoor, H. E. Poronto, A. G. Leonard, R. Fitzgerald, Arthur Meeker, S. H. Strawn, A. H. Veeder, and Mr. R. M. Shaw of the Company's Counsel.

Mr. Spoor acted as Chairman and Mr. Poronto as Secretary.

Minutes of the last meeting were read and approved.

Upon motion duly made and seconded, the following Resolution was unanimously adopted:

Whereas, The Chicago Junction Railways and Union Stock Yards Company, the owner of all the capital stock of this Company, has requested this Company to amend the resolution declaring the 10% dividend on October 2d, 1913:

Now, therefore, in accordance with said request:

Be it resolved, that the resolution declaring a dividend of 10% on the capital stock of this company adopted on October 2d, 1913, be and is hereby amended to read as follows:

Resolved, that a dividend of 10% on the capital stock of the Chicago Junction Railway Company from the surplus earnings and the undivided profits of the company be, and the same is, hereby declared payable to the order of the Chicago Junction Railways and Union Stock Yards Company, the owner of all of the stock of this company.

There being no further business to come before the meeting, it was, upon motion duly made and seconded, adjourned.

[Signed] J. A. SPOOR *Chairman.*
H. E. PORONTO *Secretary.*

Summarizing the above actions of these three companies, it is found that the three companies placed the following amounts at the disposal of the Maine company at that time:

	Maine company bonds, valued at—	Cash.	Total.
The Union Stock Yards & Transit Co.	$1,127,587.79	$37,412.21	$1,155,000.00
The Chicago Junction Ry. Co.	218,843.47	1,156.53	220,000.00
The Chicago Junction Ry. & Union Stock Yards Co. of New Jersey	546,000.00	650,000.00	1,196,000.00
Total	1,886,431.26	678,568.74	2,571,000.00

The above table shows that in addition to $678,568.74 in cash having been turned over, bonds of the Maine company valued at $1,886,431.26 were also turned over by the three companies named. The value of these bonds, as stated, represents the price which these three companies had paid for the bonds in 1912 when Prince had sold them to these companies, plus accrued interest amounting to $2,872.92. The par value of the bonds amounted to $2,085,000, and when they were received by the Maine company the following entry (copied from the record of the company) was made to place them on the books of the company.

1913.		Dr.	Cr.
Dec. 31.	Chicago Stock Yards Co.	$2,085,000	
	5% Bonds in Treasury To		
	Surplus Account		$1,895,097.92
	Discount		189,902.08

The effect of the above entry was to record the bonds as an asset, and the company having become the owner of part of its own lia-

bilities might very well have chosen to cancel the bonds thereby reducing its liabilities and the yearly interest charges for which it was obligated to provide funds. But the bonds were not canceled and the company continued to pay interest on them each year. The most interesting feature connected with these bonds now presents itself.

SECTION 30.—INTEREST PAID ON BONDS HELD BY THE MAINE COMPANY NOT RECORDED ON THE BOOKS OF THAT COMPANY.

Although the company continued to record the $2,085,000 of bonds as an asset of the company from December 31, 1913, and continued to pay interest on the bonds, none of the interest paid on the entire amount of $2,085,000 of bonds, amounting to $104,250 each year, has ever been recorded as income on the books of the Maine company.

The first interest payable on the bonds after December 31, 1913, was due on April 1, 1914. Coupons from the $2,085,000 of bonds amounting to $52,125, representing the interest due on April 1, 1914, were credited on March 31, 1914, to the profit and loss account of F. H. Prince & Co. At the same time, an account was opened on Prince & Co.'s books in the name of F. H. Prince, trustee, and this account was charged with the same amount, namely, $52,125. The records show that the coupons were not presented for payment by Prince & Co. until July 25, 1914. On that date Prince & Co. received cash amounting to $52,125, which was added to Prince & Co.'s cash balance and the account with F. H. Prince, trustee, was credited with the same amount, thus closing the account. From the above entries it appears that Prince was credited with all of the April 1 interest on the $2,085,000 of bonds.

Since April 1, 1914, the Commission has been unable to trace to whom all of the interest on the $2,085,000 of bonds has been paid. It has been found, however, that F. H. Prince's personal account—as kept on the books of F. H. Prince & Co., has been credited with the interest on $485,000 of these bonds as follows:

Interest due.	Amount of bonds.	Amount of interest.
October 1, 1914	$485,000	$12,125
April 1, 1915	$485,000	$12,125
April 1, 1916	$485,000	$12,125
October 1, 1916	$485,000	$12,125
April 1, 1917	$485,000	$12,125
October 1, 1917	$485,000	$12,125

The interest on the $485,000 of bonds, amounting to $12,125, due on October 1, 1915, was not shown on the books of F. H. Prince, and it is not known to whom the interest was paid on that date. It has also been impossible to ascertain to whom the interest on $1,600,000,

amounting to $40,000 every six months, has been paid since April 1, 1914.

The following entries were found on the books of Armour & Co., for which the officials of the company could give no satisfactory explanation:

	Credit of—
October 21, 1914	$40,000
July 10, 1915	$24,575
October 30, 1915	$24,575
May 3, 1916	$24,575

These amounts were credited to an account called J. O. Armour No. 4 Dividend Account, this being the name of the account to which all income derived from Armour's investment in the Chicago stockyards was credited. It is quite probable that the entry of October 21, 1914, amounting to $40,000, represents the interest on $1,600,000 of bonds due on October 1, 1914. It has been shown that Prince received interest on $485,000 of bonds, amounting to $12,125, due on the same date.

These two entries would seem to account for the total interest due on the $2,085,000 for October 1, 1914. The total interest for the year 1914 would seem, therefore, to have been divided between Prince and Armour, the former receiving $64,250 and the latter receiving $40,000.

In default of any tangible evidence as to the nature of the other three entries of $24,575 each, comment can only be made on the basis of speculation as to what these entries represent. It is quite possible that these entries represent a part of the interest payable on the $1,600,000 of bonds which the Commission has been unable to trace.

The inquiry also revealed that an entry had been made on the Maine company's books under date of December 31, 1916, the effect of which was to reverse the entry of December 31, 1913, with the result that the bonds no longer constituted an asset of record of the Maine company in 1918, at the time when the records of this company were being examined by the representatives of the Commission. The entry read as follows:

1916.		Debit.	Credit.
Dec. 31.	Surplus Account	$1,895,097.92	
	Discount Bonds	189,902.08	
	To Chicago Stock Yards 5% Bonds in Treasury		$2,085,000

SECTION 31.—DISPOSITION OF THE BONDS AND THE INTEREST PAYMENTS THEREON.

The elimination of the bonds as an asset of record on the books of the Maine company and the fact that the Commission has been unable to locate to whom the interest has been paid on the greater

part of these bonds gains still greater significance in the light of letters and other documents found in an investigation of this case.

The following letter is from the files of Swift & Co., and was written by L. F. Swift, president of Swift & Co., to his brother, E. F. Swift. The letter itself bears no date, but the file number with which it was marked, as well as the fact that reference is made in the letter to a meeting to be held on December 4, 1913, indicate that the letter was written in the latter part of November, 1913. This letter reads in part as follows:

Did not get anything from Wadden as he has not the 18 shares but thinks will get in a week. Says Spoor called meeting New York, December 4, and he, Wadden, will be Chicago December 5 with goods if can get 18 shares. Had a wire from Croll. Hurry him up. Will tell you lot more he said.

It would appear from this letter that L. F. Swift had some kind of an understanding with Prince and Armour at the end of 1913 by virtue of which he expected to receive some financial consideration from their hands.

It also appears that L. F. Swift was made to believe that the fulfillment of the promise made to him was contingent upon the procuring of some 18 shares of common stock of the New Jersey company which evidently were the last 18 shares that Prince and Armour were endeavoring to obtain before having the Maine company acquire the surplus earnings of the New Jersey company and of its subsidiaries, the Yards company and the Railway company. It will be remembered that the efforts of Prince and Armour were finally successful, and in December, 1913, they were in a position to have the Maine company absorb part of the surplus earnings of the New Jersey company and its subsidiaries by receiving $2,085,000 par value of bonds and $678,568.74 in cash.

The tenor of the following letter, however, written by Croll to Wadden on February 10, 1914, seems to indicate that Swift met with a setback to his expectations, and as late as February, 1914, about two months after the time that his claim was to have been adjusted, he was still expecting a settlement.

CHICAGO, *February 10, 1914.*

MR. W. M. WADDEN,
28 State Street, Boston, Mass.

MY DEAR MR. WADDEN: We are very anxious to hear from you as to what progress you are making in the matter that we are jointly interested in. It should be cleaned up as soon as possible and, while we know that you are doing the best you can, we are of the opinion that the other parties are somewhat anxious about it.

Kindly write me on receipt of this under personal cover.

Very sincerely yours,

[Signed] F. W. CROLL

The letter does not disclose the identity of the individuals that were designated as "the other parties." But, if read in conjunction

with the Swift letter cited above, the indication would be that in this letter Croll was urging a speedy adjustment of the understanding that existed between Prince and Armour on the one hand and Swift and possibly Morris on the other hand, and which according to the representations made to Swift by Wadden was to be settled some time in December, 1913.

No more letters bearing on this matter were found and the Commission is not in a position to state definitely whether the pending claims have ever been adjusted or what was to have been the method of adjustment.

Exhaustive efforts have been made in this inquiry to secure an authentic explanation of these letters from the parties involved but without success. The parties claimed that they could not recall the subject matter which was under discussion in these letters and were most emphatic in asserting that Swift did not receive any financial consideration from the Maine company, either at the time of its formation or at any time thereafter.

On the basis of the evidence obtained in the course of the investigation of the Chicago stockyards, and as borne out by the evidence submitted in this report, the Commission is able to definitely state that neither Swift nor Morris have obtained any of the stock of the Maine company, but the question must still be left open as to whether either or both of these parties received any other financial compensation to satisfy their previous demands.

In the absence of any tangible evidence which would show what the ultimate outcome of the subject matter under discussion in the above letters was, further comment can only be based upon speculation. One interpretation which might be offered would be that Swift, or possibly both Swift and Morris, had been given a part, or the whole, of $1,600,000 of Maine company bonds. It has been shown that while Prince has been receiving the interest on $485,000 of the $2,085,000 of bonds received by the Maine company from the New Jersey company and its subsidiary companies no records could be found showing to whom the interest on $1,600,000 of these bonds has been paid.

F. H. Prince has been examined several times by representatives of the Commission with reference to the disposition of the bonds and the interest paid on them since 1914, but no satisfactory information could be obtained from him on these two points.

Prince was interrogated on May 8, 1918, with reference to these bonds and the interest payments which had been made on them and he then asserted that he was the owner of the bonds and the recipient of the interest, the same having been given to him by the Maine company as a commission for having promoted the company. However, when the books of F. H. Prince & Co. were previously submitted

to the representative of the Commission about a month and a half before Prince made the above statement his bookkeeper had only been able to show the receipt of interest on $485,000 of these bonds by Prince. In view of this fact his statement therefore could not be considered as conclusive.

Another opportunity to explain the disposition of the bonds and the interest payments thereon was offered to Prince by the Commission on June 13, 1919. On that occasion he asserted that the bonds had been taken off the books of the Maine company in December, 1916, on advice of his attorney, on the ground that the Maine company could not credit its own bonds to the surplus account of the company, and guided by this advice, he averred that the bonds had been turned over to F. H. Prince & Co. to be held by it as trustee for the Maine company until such time as the bonds could be disposed of and the proceeds turned over to the Maine company. Prince also asserted that Prince & Co. was holding the bonds as collateral security for stock of the New Jersey company, which Prince & Co. had been buying on behalf of the Maine company. He submitted the following statement in writing with reference to the bonds:

> The $2,085,000 bonds of the Chicago Stock Yards Company of Maine paid to them as dividends are held by me as security for my loans to the Chicago Stock Yards Company of Maine. The interest coupons paid to me have been used in reducing these loans. Of this interest Mr. Armour has received $240,000 on account of the $300,000 borrowed by the Maine Company from him and there is now owed him about $60,000. When this loan is paid off this collateral will be released and returned to the treasury of the Maine Company.

The books of the Maine company do not disclose that any loans have ever been made to that company either by F. H. Prince or J. O. Armour. The statement of Prince quoted above could not refer to anything else but to an entry which was made on the books of the Maine company on December 30, 1918, five years after the Maine company first recorded the receipt of the $2,085,000 on its books as a dividend from the New Jersey company and its subsidiary companies. This entry reads as follows:

1918				
Dec. 30	(Ca-15)	Chicago Stock Yards 5% Bonds Par Value $286,000 at $85.09	$243, 354. 39	
	(Ca-8)	Chicago Junc. Ry. & Union Stock Yards Co. Common Stock		
		13,196 shares of $100 each at $177.11	2, 386, 092. 90	
		4,733 shares of $100 each at $160.00	804, 247. 06	
		To Bankers		$3, 433, 694. 35

To record the cost of the foregoing securities hitherto carried by Bankers, to be taken up by the company at cost (subject to adjustment of interest and coupon charges) in accordance with vote of the directors of the company this date.

It appears from this entry that 17,929 shares of the assented common stock of the New Jersey company and $286,000 par value of the

Maine company bonds were acquired on December 30, 1918, from some parties designated as "bankers," and that the Maine company assumed a liability to those "bankers" for $3,433,694.35. In the light of the memorandum it would appear that Prince and Armour were the parties who sold this stock to the Maine company. It is also evident that part of the stock thus acquired by the Maine company was made up of the assented common stock of the New Jersey company originally bought by Prince and Armour under the syndicate agreement of October 1, 1910, toward which Armour contributed at that time $300,000 in cash. Prince's assertion now is that the interest on the $2,085,000 of bonds has been used to pay back to Armour and himself the cash invested by them in purchasing stock of the New Jersey company and that Prince has been holding the $2,085,000 of Maine company bonds as collateral security for this debt.

While the books of Armour & Co. have not been examined since this statement was made, a previous examination of those books showed no entry that could be identified as representing the interest payment of $240,000 referred to in this memorandum. Nor did the books of F. H. Prince & Co., when examined in March, 1918, show that Prince had received the interest on more than $485,000 of these bonds, after the interest date of April 1, 1914, leaving unaccounted for to the Commission's accountants the interest on $1,600,000 of bonds.

Furthermore, the contention that the $2,085,000 of bonds were held as collateral by F. H. Prince & Co. for stock which was only turned over to the Maine company on December 30, 1918, does not satisfactorily explain the circumstance that the Maine company has never recorded the interest paid on the $2,085,000 of bonds as income. Moreover, the books of the Maine company failed to show that any arrangement existed between Prince and Armour and the Maine company prior to December 31, 1917, whereby the former were to convey to the latter the stock of the New Jersey company which they owned, and in consideration of which the Maine company in turn assumed the obligation of assigning to Prince and Armour the interest to which that company has been entitled since December 31, 1913.

Another complicating feature was injected into the obscure situation which has arisen as a result of the accounting procedure followed in handling the $2,085,000 of bonds, by the fact that on December 30, 1918, the same day that the entry was made on the books of the Maine company, recording an obligation on the part of the Maine company of $3,433,694.35 to "Bankers," another entry was made, putting back on the books of the company and crediting again to surplus account the $2,085,000 of bonds which had been stricken off the books on December 31, 1916. It will be recalled that Prince said that the

bonds had been taken off the books in December, 1916, because his attorney had advised him that the Maine company could not credit its surplus account with its own bonds. It is obvious that none of the explanations advanced by Prince solve the problems arising out of the accounting procedure connected with the handling of the bonds of the Maine company and the interest paid thereon.

If Prince's statement that the interest on the $2,085,000 of bonds has been used to pay back to Armour and himself the cash they invested in purchasing the New Jersey company stock is accepted, then Prince and Armour have made the Maine company repay them for the money they had invested in the New Jersey company's stock, the Maine company having derived no benefit from the transaction.

SECTION 32.—THE BEARER WARRANTS AND REASONS FOR ISSUING THEM.

The secrecy with which Prince and Armour surrounded all their transactions in connection with the Maine company, beginning with the purchase of the New Jersey company's common stock in 1910, and up to the time of the formation of the company in 1911, when dummies were employed in the organization of the company, was emphasized by the issue in 1914 of bearer warrants in lieu of the regular stock certificates which up to that time served as evidence of the ownership of the company.

Pegram was recorded as the owner of 79,990 shares of stock of the Maine company in 1911, after his sale of the plan and the payment of $1,000,000 by him to the company had been made, 10 shares having been recorded in the name of the dummy directors as qualifying shares.

The stock records of the Maine company do not record any changes in the ownership of the stock until June, 1913, when 64,480 shares of stock were transferred to Mrs. F. H. Prince, who held this amount of stock in her name for F. H. Prince until April, 1914. Pegram continued to hold 15,510 shares of stock for Armour until November, 1913, at which time certificates of stock for this number of shares were transferred to W. M. Wadden, who sent them, as shown in the following letter, to F. W. Croll, treasurer of Armour & Co.:

Nov. 14, 1913.

DEAR MR. CROLL: Your deposit on account of the Chicago Stock Yards Co. capital was $194,000, which entitled you to 19.4 per cent of the stock or $1,552,000. I am therefore enclosing you certificates

No. 10, for 10,000 shares

No. 29, for 5,510 shares

leaving 10 shares still due you. These ten shares have been issued in the names of the directors and are held by me to qualify those gentlemen. As soon as Mr. Prince

ıs from Europe I will have other stock issued to you to cover the above 10 shares hereby complete your requirements.

'ill appreciate it if you will wire me upon receipt of this letter that you have ;ed same and also acknowledge the receipt by mail.

Very truly yours,

W. Croll, Esq.

'oll's acknowledgment follows:

Frederick W. Croll, 205 LaSalle St., Chicago.

Chicago, *November 19, 1913.*

V. M. Wadden,

28 State Street, Boston, Mass.

Dear Mr. Wadden: Your favor of the 14th instant with enclosures of Certificate 0 for 10,000 shares and Certificate No. 25 for 5,510 shares was duly received as ıy wire.

'ired you first at Boston and afterwards repeated that wire to New York when I l from you.

Very truly yours,

[Signed] F. W. Croll

ı April, 1914, bearer warrants were issued in accordance with a aw of the Maine company, which provided that any stockholder he company could exchange his regular certificate of stock by siting it with the treasurer of the company and receive in turn ırrant entitling the bearer at any time to the certificate of stock :h had been deposited.

was also provided that coupons should be attached to the 'er warrants entitling the holder of such coupons to any divi- ls declared by the company. Meanwhile, the treasurer of the ıe company, under the terms of the by-laws, held the stock, :h had been deposited, as trustee for the share warrants.

he bearer warrants carried with them voting privileges which d be exercised by the holder upon the deposit of his warrants ı the company or at any other place which might be designated :he directors not less than three days before any meeting of the pany. The person depositing a warrant was to receive a ticket roxy authorizing him to attend and exercise his voting privileges he meeting. The treasurer of the company was authorized to 'cise voting privileges for all warrants not thus deposited. A copy he provision of the by-laws, which provides for the issuance of 'er warrants, together with a copy of the bearer warrants form f, follows:

Article 25.

WARRANTS FOR SHARES TO BEARER.

The Company may upon the delivery to it of the certificate for any fully paid up : or shares with a transfer thereof to the Treasurer of the Company issue for each : therein specified a warrant entitling the bearer to such share and providing oupons or otherwise, for the payment of the future dividends on the share.

(2) The shares specified in the certificate so delivered up shall from time to time be transferred to the Treasurer for the time being of the Company as Trustee for share warrants and shall not afterwards be transferred and no certificate shall be issued therefor except in accordance with the provisions hereof.

(3) The warrant may be expressed in either the English or the French language and shall be under the common seal of the Company and shall be signed by the President or a Vice-President and by the Secretary or an Assistant Secretary or some other person appointed in place of the Secretary by the directors and only one share shall be specified in each warrant.

(4) If any warrant or coupon shall be worn out or defaced the directors may on surrender thereof issue a new one in its place.

(5) The directors may upon proof to their satisfaction of the loss or destruction of any warrant or coupon and upon such indemnity being given to the Company as they shall deem adequate issue another warrant or coupon in its place.

(6) The Company shall be entitled to recognize the bearer of any warrant or coupon as absolutely entitled to the share or dividend therein specified.

(7) The bearer of a warrant upon depositing the warrant at the office or such other place as the directors shall appoint not less than three days before any meeting of the Company shall receive a ticket or proxy authorizing him to attend and vote and exercise the rights of a member at such meeting in respect of the share or shares for which the warrant or warrants have been so deposited and after the meeting the warrant or warrants shall be returned to him or the bearer of the ticket or proxy upon surrender thereof. And in respect of all shares specified in any warrants that shall not have been so deposited the Treasurer shall attend and vote and exercise the rights of a member in such manner as he and the President of the Company shall agree.

(8) If the bearer of a warrant shall surrender it and request in such form as the directors prescribe that he be registered as a stockholder or member in respect of the share specified in it the Company shall transfer into his name one of the shares specified in the certificate of shares originally delivered up and issue a new certificate therefor.

(9) The Company may appoint agents in London, Paris or elsewhere with full power and authority to do all things that may be necessary to carry out and give effect to the foregoing provisions respecting the share warrants and to vest in the holders of such warrants the rights and interests specified herein.

CHICAGO STOCK YARDS CO.

WARRANT TO BEARER.

This is to certify that the bearer of this warrant is entitled to —— fully paid up shares in the Chicago Stock Yards Co upon demand, and meanwhile to receive all dividends declared upon the said shares and to exercise the voting powers in respect thereof under and subject to the provisions of article 25 of the by-laws of the company, a copy of which is indorsed hereon. [On the back.]

In witness whereof the Chicago Stock Yards Co has caused this warrant to be signed by its president or vice president and its secretary or an assistant secretary this —— day of ——.

—— ——, *President.*

Preparatory to the deposit with the treasurer of the Maine company and the issuance of bearer warrants in exchange by that official the 64,480 shares of stock held by Mrs. F. H. Prince were split up in April, 1914, and recorded in the names of dummies, who were found to be employees of F. H. Prince & Co. Similarly, the stock

held by J. O. Armour was converted into bearer warrants in January, 1915. The records of the treasurer therefore did not show that Prince and Armour held any of the stock of the Maine company.

The following telegram was sent by the Commission on November 7, 1917, to F. R. Pegram, treasurer, of the Maine company, for the purpose of ascertaining the names of the common stockholders of that company:

NOVEMBER 7, 1917.

FRANK R. PEGRAM,

Treas., Chicago Stock Yards Co., Ames Building, No. 1 Court St., Boston, Mass.

Referring to your report Schedule "A", Slaughtering and Meat Packing, the Commission requires immediate transmission to it of names and addresses of owners of Common Stock for whom you as Trustee hold block reported on page 4 Schedule.

L. L. BRACKEN,
Secretary, Federal Trade Commission.

To the above telegram Pegram telegraphed the following reply:

248W HP 54 4EX

Federal Trade Commission Received Nov. 9, 1917. Mails and Files.

AG BOSTON MASS *245 PM Nov 8*

BRACKEN

Washn DC

Answering your telegram just received the stock of Chicago Stockyards Company held in my name held by me as Treasurer of the Corporation in capacity of Trustee for the holders of Bearer Warrants My books do not show who hold the bearer warrants which are transferrable by delivery.

F. R. PEGRAM
Treasr. Chicago Stockyards Co.

31 OP

It was only through a study of the books of F. H. Prince & Co. and of Armour & Co. that it was definitely ascertained that F. H. Prince held 50,000 shares, J. O. Armour 15,520, and Mrs. F. H. Prince[1] 14,480 shares of the 80,000 shares of common stock of the Maine company.

It is pertinent to inquire into the reasons for the issuance of the bearer warrants in lieu of stock certificates as an evidence of ownership in the Maine company. F. H. Prince stated to agents of the Commission that in issuing the bearer warrants he was prompted solely by the desire to conceal Mr. Armour's interest in the Chicago stockyards, as it had always been advertised throughout the West that the management of the yards was absolutely free from control by the packers. He found that should Armour's interest in the yards become known it would injure the reputation of the Chicago stockyards as an independent market among the live-stock raisers.

Another and perhaps more urgent reason for issuing the bearer warrants may be found in the following clause of the Plan of June

[1] Mr. Prince testified that he had assigned this stock to Mrs. Prince.

30, 1911, which the stockholders of the New Jersey company were induced to accept:

No assenting stockholder shall have any interest in any of the shares of the New Company [Maine company] or of the disposition thereof.

From the facts as developed above, it does not appear that the committee's pledge was taken seriously by the promoters. It has been shown that F. H. Prince and J. O. Armour, who between them held over 33,000 shares of the common stock of the New Jersey company, became the sole owners of the stock of the Maine company. Prince and Armour could not well permit the fact to become known that Prince and Armour were the beneficiaries of the Plan and that the confidence of the assenting stockholders had been betrayed. Had this fact become known the reputation not only of Prince and Armour but of the men who had acted as the committee and of those who had assisted in soliciting the assents would have been weakened in the eyes of the investing public. The bearer warrants were evidently designed in part to forestall such a situation.

SECTION 33.—DIVIDENDS PAID BY THE MAINE COMPANY.

The Maine company paid its first dividend on January 1, 1914. This was a cash dividend of 2½ per cent on the $8,000,000 of capital stock which had been issued by the company to F. R. Pegram in 1911 as consideration for the payment by Pegram to the company of $1,000,000 in cash and the transfer to it of his title to the Plan of June 30, 1911, and the assents of the stockholders of the New Jersey company thereto, which had been obtained through the agency of the committee and F. S. Moseley & Co. The interest of Pegram in this Plan and the assents thereto was appraised at a value of $7,000,000.

It has already been shown that Pegram acted as a dummy in this transaction for Prince and Armour, who, between them, had contributed the $1,000,000 in cash. The value of $7,000,000 which was placed upon the Plan represented merely the capitalization of their title to the surplus earnings of the New Jersey company and of its subsidiary companies.

The table following shows the amount of money received by Prince and Armour in the form of dividends paid by the Maine company from January 1, 1914, to January 1, 1918.

Dividends paid by the Chicago Stock Yards Co. of Maine.

Date.	Rate.	Amount paid.	Received by—		
			F. H. Prince.	Mrs. Prince.	J. O. Armour.
Jan. 1, 1914	2½	$200,000	$125,000	$36,200	$38,800
July 1, 1914	2½	200,000	125,000	36,200	38,800
Jan. 1, 1915	2½	200,000	125,000	36,200	38,800
July 1, 1915	2½	200,000	125,000	36,200	38,800
Jan. 1, 1916	2½	200,000	125,000	36,200	38,800
July 1, 1916	4	320,000	200,000	57,920	62,080
Jan. 1, 1917	4	320,000	200,000	57,920	62,080
July 1, 1917	2½	200,000	125,000	36,200	38,800
Jan. 1, 1918	2½	200,000	125,000	36,200	38,800
Total	25½	2,040,000	1,275,000	369,240	395,760

As shown by this table, Prince and Armour have received in dividends from the Maine company up to January 1, 1918, $2,040,000 or the equivalent of over 200 per cent on their investment of $1,000,000.

SECTION 34.—ANALYSIS OF THE CONTRACT OF OCTOBER 1, 1914.

It has been shown on pages 253 to 258 how the Maine company acquired funds in December, 1913, from the New Jersey company and its subsidiary companies. Prior to that time the Yards company and the Railway company had paid dividends to the New Jersey company on the stock which it owned in these two companies, and from this income the New Jersey company had paid its fixed charges and regular dividends on its outstanding preferred and common stock. It will be noted that the procedure followed by the New Jersey company in 1913 in instructing its two subsidiaries to pay directly to the Maine company the special dividends which those subsidiary companies had declared payable to the New Jersey company marked a departure from the regular method theretofore followed.

The Maine company had originally acquired its right to the surplus of the New Jersey company and of the underlying companies, owned and controlled by the latter, by virtue of the terms of the contract the Maine company had entered into on June 30, 1911, with the individual common stockholders of the New Jersey company. This was the Plan which the committee, composed of Messrs. Richard Olney, chairman, Samuel Carr, Guy Norman, S. L. Schoonmaker, E. V. R. Thayer, F. R. Hart, secretary, submitted to the stockholders of the New Jersey company on behalf of the Maine company. Through this contract the Maine company became the guarantor of the 9 per cent dividends payable on the common stock of the New Jersey company, and the common stockholders assigned their respective rights to dividends upon their holdings in the company to the Maine company.

These contractual arrangements were extended on October 1, 1914, to all the outstanding obligations of the New Jersey company, in-

cluding interest payments on the outstanding bonds and notes of the company, the payment of its expenses, taxes, and other obligations, and the payment of dividends on its preferred stock. The contract of October 1, 1914, also provided for the reorganization of the methods by which funds were secured by the Maine company from the New Jersey company and its subsidiaries. In lieu of the regular dividends formerly paid by the Yards company, a schedule of fixed payments was established which the Yards company and the Railway company had to make for the payment of the interest on the bonds of the New Jersey company and the dividends on its guaranteed preferred and on its guaranteed common stock. The schedule of payments established under the terms of the contract of October 1, 1914, follows:

Schedule of periodical payments required to be made by the Yards company and the Railway company under the terms of the contract of October 1, 1914.

Date.	To whom made.	Application of payment.	Amounts to be paid by the Yards company.	Amounts to be paid by the Railway company.
Mar. 15	Guaranty Trust Co.	Interest on New Jersey company's 4 per cent bonds.		$80,000.00
Sept. 15	do	do		80,000.00
Mar. 15	do	Interest on New Jersey company's 5 per cent bonds.		250,000.00
Sept. 15	do	do		250,000.00
Mar. 25	Old Colony Trust Co.	6 per cent dividends on New Jersey company's preferred stock.	$97,500.00	
June 25	do	do	97,500.00	
Sept. 25	do	do	97,500.00	
Dec. 25	do	do	97,500.00	
Mar. 25	do	9 per cent dividends on New Jersey company's guaranteed common stock.	76,324.50	
June 25	do	do	76,324.50	
Sept. 25	do	do	76,324.50	
Dec. 25	do	do	76,324.50	
Mar. 15	The Maine company	Subject to use of Maine company		38,750.00
Sept. 15	do	do		38,750.00
Mar. 15	do	do	105,175.50	
June 15	do	do	105,175.50	
Sept. 15	do	do	105,175.50	
Dec. 15	do	do	105,175.50	
	Total payments for year.		1,116,000.00	737,500.00

The most significant fact, both from a financial and legal viewpoint, about this arrangement is that while not being a holding company the Maine company controls the finances of the New Jersey company and of its subsidiaries, and the Maine company is entitled to absorb the entire surplus of these companies, not because of stock ownership in them, but because of the position of guarantor assumed by the Maine company as the result of the contractual relations it has established with those companies.

A copy of the contract of October 1, 1914, is presented as Exhibit 5, on page 317 of this report.

SECTION 35. SUMMARY OF FINANCIAL CONDITIONS OF THE CHICAGO STOCKYARDS UP TO 1917.

On December 31, 1917, a little over six years after the Maine company was formed by Prince and Armour, and the acquisition of the surplus earnings of the New Jersey company and of its subsidiaries, the Yards company and the Railway company, in excess of a stipulated per cent was made possible, these companies reported surplus balances as shown in the following table. The surplus balances of these companies reported for December 31, 1910, the end of the fiscal year preceding the formation of the Maine company, are included in this table for comparative purposes.

Company.	Surplus.	
	Dec. 31, 1917.	Dec. 31, 1910.
New Jersey company	$3,415,185.88	$2,449,673.71
Yards company	2,476,101.97	2,014,692.41
Railway company	1,044,848.64	[1] 1,204,533.70
Total	6,936,136.49	5,668,899.82

[1] This amount was taken from the report of the company to the Interstate Commerce Commission for the fiscal year ending June 30, 1911.

It appears from these figures that the surplus of the three companies has increased by $1,267,236.67 during the seven-year period from December 31, 1910, to December 31, 1917. The New Jersey company and the Yards company each show a gain in surplus while the Railway company shows a small decrease.

The significance of the recorded surplus balances of these three companies can be best understood when viewed in the light of the observations recorded in section 17 and when considered in conjunction with the data given in sections 3 and 6 relating to the history of the increases in the capital obligations of these companies, which have occurred at various times. It was stated in section 17 that the accumulated surpluses of the New Jersey company and of its subsidiaries, as reported by those companies December 31, 1910, could not be considered as representing the actual extent of the accumulated earnings of those companies because of the accounting policy adhered to by them for several years.

UNDERVALUATION OF INVESTMENTS.—It was noted that the two operating companies had followed a practice of charging additions to, and improvement of, their properties to operating expenses which might well have been charged to capital accounts. Nor could the surplus of the New Jersey company be taken as representing the true financial condition of that company in so far as several of its investments were carried on the books of the company at a figure very much below that which the real value would have warranted. As out-

standing instances of this nature, the company's investments in the bonds of the Indiana Harbor Belt Railroad Co. and in the Central Manufacturing District were mentioned.

It was pointed out that the bonds of the Indiana Harbor Belt Railroad Co., with a par value of $2,500,000, which bear interest at 4 per cent and mature in 1957, were carried on the books of the New Jersey company in 1910 at $50,000. The company still recorded these bonds at a value of $50,000 on December 31, 1917. On this date the Central Manufacturing District was recorded on the books of the New Jersey company at a net value of $1,661,718.96, although the net value of this property as determined from the balance sheet of the Central Manufacturing District for December 31, 1917, was $8,137,848.64.

The Yards company.—In section 3 of this chapter it was shown that the $13,200,000 of outstanding capital stock of the Yards company had grown out of an original cash investment of $1,000,000 by the stockholders in 1865 through periodically capitalizing up to 1881 in the form of stock dividends the increment in property values and the accumulated earnings of the company. A regular dividend rate of 13 per cent on the $13,200,000 of capital stock had been maintained from 1890 to 1917, inclusive. Between 1913 and 1917 after all of the outstanding capital stock of the Yards company had been acquired by the New Jersey company extra dividends were paid by the Yards company amounting to $1,787,998.50; of this amount $1,155,000 was paid in 1913, when the Maine company for the first time took up the surplus of the New Jersey company and its underlying companies.

The net earnings of the Yards company have ranged from $1,892,572.90 to $2,643,171.10 [1] during the seven-year period from 1911 to 1917, inclusive. It will be seen, therefore, that the rate of profit of this company based upon the capital stock has ranged from 14 to 20 per cent during this period.

The Railway company.—The fact that the Railway company showed a decrease in its surplus on December 31, 1917, as compared with the balance of December 31, 1910, is not to be taken as an indication that this company has met with serious financial reverses during the period from 1910 to 1917. It was found that in 1913 a stock dividend of 150 per cent, amounting to $3,300,000, was paid on its capital stock of $2,200,000 thus increasing the outstanding capital stock of the company to $5,500,000. During the same year the company declared a special 10 per cent dividend (in addition to its regular dividend of 6 per cent), amounting to $220,000.

[1] This includes $600,000 paid by the Railway company as a rental for use of railroad property belonging to the Yards company; this rental since 1914 has not been paid to the Yards company but has been diverted as per schedule shown on page 270 to meet the obligations of the New Jersey company which were guaranteed by the Maine company.

The payment of the $3,300,000 stock dividend by the Railway company out of surplus was made possible by capitalizing addition and betterment expenditures from January 1, 1905, amounting to $1,514,136.85 all of which had previously been charged to operating expenses. The following letter was written by C. C. Chace, auditor of the Railway company, to J. A. Spoor, chairman of the board of directors of that company, on February 5, 1914, a few months after the stock dividend was paid. This letter, while dealing with extraneous matters, discloses the accounting practices followed by the company in recording property values.

CHICAGO JUNCTION RAILWAY COMPANY
Chicago, Feb. 5, 1914.

Mr. J. A. SPOOR,
Chairman of the Board.

DEAR SIR: The question before me at this writing, upon which I ask advice, is the subject of the depreciation to be used in connection with the Income Tax upon the physical assets of the C J Ry; that is, the rate of depreciation and the value which in your judgment should be placed upon the property in applying this per cent.

December report shows the physical value of the property investment as $3,978,678.16. This of course not including the value of the equipment which we depreciate monthly in our accounts under Interstate Commerce Commission provision. Said amount is the result of the capitalization of our Additions and Betterments expenses since January 1, 1905, and as previously explained is in the sum of $1,514,136.85.

It carries with it, however, somewhat fictitious valuation with respect to the property, inasmuch as it brings over the amount left in our capital account after the Outer Line was sold, and the capital investment was credited with the amount derived from the sale thereof, leaving balance in capital account of $2,286,427.84, which was designated by the attorneys and by Price, Waterhouse & Co. to represent the value of what we had left.

There are no books extant prior to January 1, 1905; and I do not believe that any government investigator could controvert our statement that this is the book value of the property, the result of legitimate capital account charges.

The books being destroyed, we can not in answer to their inquiry substantiate the figures; but we assume that we have a perfect right to depreciation on the book value of the property.

My suggestion is that we use as basis of depreciation this full capital investment valuation, less the value of the Fifteenth Street real estate, which has not depreciated. This would give us a figure on which to base depreciation of $3,954,144.30.

Our former method was the same as obtains with U S Y & T Co. accounts, namely, to take 6 per cent of the gross earnings as the depreciation to be used in connection with our income statement, which depreciation averaged $135,000.

We do not experience as heavy depreciation upon our railroad property as upon that of the Stock Yard Co. The heavy values of the railroad are iron and steel bridges, track elevation, rail, etc., on which the depreciation would be extremely light; but probably a reasonable depreciation would be allowed without comment, and my idea is that we should not greatly exceed the former depreciation written off, in order to avoid adverse criticism.

My recommendation is—subject to your approval—that we take 3½ per cent depreciation on this valuation, which would give us $138,395.05, or about $3,000 in excess of the average depreciation written off in former years; and considering the class of con-

struction that obtains with the Railroad Company, it occurs to me that this is ample, if not too much.

However, the whole matter is left to your judgment, and I await instruction.

Yours truly,

[Signed] C. C. CHASE, *Auditor.*

After declaring the above special dividend the Railway company showed a surplus of $99,279.17 on December 31, 1913. The surplus of $1,044,848.64 on December 31, 1917, as shown by the report of of the company, represented therefore an accumulation of earnings in four years amounting to $945,569.47, or an average of $236,392.36 each year. These earnings were accumulated after payment of a yearly rental of $600,000 for properties leased from the Yards company and after payment of dividends from 1914 to 1917 amounting to $137,500 each year.

From 1899, the year following the formation of the company, up to 1914 regular dividends at the rate of 6 per cent on its capital of $2,200,000 had been paid by the Railway company to the New Jersey company. It was pointed out in section 17 of this chapter that the original cost to the New Jersey company of the $2,200,000 capital stock of the Railway company had been $500,000. It will thus be seen that the New Jersey company had actually been receiving dividends up to 1914 at the rate of 26.4 per cent each year on its original investment in the Railway company. Following the increase of the capital stock of the Railway company to $5,500,000 the annual dividends paid by the Railway company were increased from $132,000 to $137,500.

THE NEW JERSEY COMPANY.—In section 6 emphasis was laid upon the fact that the proceeds derived from the sale of the $13,000,000 of capital stock issued in 1890 by the New Jersey company and the $10,000,000 5 per cent bonds issued at the same time were used to acquire the capital stock of the Yards company. These new capital obligations were increased by the issue of $4,000,000 of 4 per cent bonds in 1900, the funds received from the sale of these bonds having been used to retire the 5 per cent income bonds then outstanding, which had been given to the packers as a bonus in 1892 and to make additional payments to other packers in order to induce them to locate plants at the Chicago stock yards. A total, therefore, of $27,000,000 of capital obligations were created as a result of the formation of the New Jersey company, none of which were issued to increase the working capital of the yards.

The income of the New Jersey company up to 1899, when dividends from the Railway company were first received, was derived from the dividends paid to it by the Yards company. This income had been sufficient to pay interest on the bonded indebtedness of the New Jersey company, 6 per cent dividends on its preferred stock,

and 8 per cent on its common stock up to 1911. The income of the New Jersey company had, however, for several years prior to 1911 exceeded the amount required for interest and dividend payments and on December 31, 1910, the New Jersey company recorded on its books an accumulated surplus amounting to $2,449,673.71.

As shown in the table on page 271, the surplus of the New Jersey company on December 31, 1917, amounted to $3,415,185.88, an increase of $965,512.17 for the seven-year period, or an average annual increase of $137,930.31. It was noted in section 17 that for several years prior to January 1, 1911, the surplus of the New Jersey company had been increasing annually at the rate of $300,000. It is evident therefore that the average annual increase of the surplus account of the New Jersey company had decreased about $163,000 per year since December 31, 1910.

This large decrease in the annual surplus earnings of the New Jersey company is the direct result of the arrangements made on October 1, 1914, by the Maine company, whereby part of the income formerly received by the New Jersey company in the form of dividends from the Yards company and the Railway company was diverted to meet the obligations of the New Jersey company which were guaranteed by the Maine company and whereby part of the income went direct to the Maine company; the funds thus paid direct to the Maine company were used by that company from 1914 to 1918 to pay dividends on its $8,000,000 of common stock.

On December 31, 1913, about one year before the schedule of payments shown on page 270 was put into effect, the New Jersey company reported a surplus of $3,479,920.54. When this is compared with the surplus reported for December 31, 1917, amounting to $3,415,185.88, it will be seen that a decrease of $64,734.66 has occurred during the period of four years from 1913, and that the increase, therefore, of $965,512.17 in the surplus account of the New Jersey company on December 31, 1917, over the surplus balance reported for December 31, 1910, occurred during the three years from December 31, 1910, to December 31, 1913, before the dividends received by the New Jersey company from the Yards company and the Railway company were diverted by the Maine company. The average annual increase of the surplus account of the New Jersey company during the three-year period from December 31, 1910, to December 31, 1913, was $343,422.27.

It will be recalled that the Railway company declared a stock dividend in December, 1913, of $3,300,000. This dividend was paid to the New Jersey company and added to the surplus account of that company, thereby increasing the surplus account of the company by that amount. However, the published balance sheet of the company for that year did not show that any such increase had taken

EXHIBITS.

Exhibit 1.

Territories From which Stockyards Receive Animals.

The territories from which various stockyards draw their receipts are as follows:

Augusta Union Stock Yards, Augusta, Ga.: Principal receipts, hogs from Tennessee and Georgia.

Belt Railroad & Stock Yards Co., Indianapolis, Ind.: All receipts from Ohio, Kentucky, Indiana, and Illinois.

Birmingham Stock Yards, Birmingham, Ala.: Receipts of all kinds of stock from the southern part of Alabama.

Bourbon Stock Yards, Louisville, Ky.: Cattle, calves, hogs, and sheep from Kentucky, Tennessee, Indiana, Alabama, Florida, and Georgia.

Brighton Stock Yards, Brighton, Mass.: New England States and New York.

Central Union Stock Yards, Jersey City, N. J.: Receipts of cattle from Ohio, Virginia, West Virginia, Kentucky, Illinois, Nebraska, Oklahoma, Michigan, Kansas, Pennsylvania, New York, New Jersey, and Canada; calves from Ohio, Virginia, West Virginia, Kentucky, Illinois, Michigan, and New York; hogs from Ohio, Virginia, Kentucky, and Tennessee; sheep from Illinois, Virginia, West Virginia, Kentucky, Ohio, Michigan, Kansas, and New Jersey.

Cincinnati Union Stock Yards Co., Cincinnati, Ohio: Receipts of all kinds of stock from Ohio, Indiana, Illinois, Kentucky, and Tennessee.

Cleveland Union Stock Yards Co., Cleveland, Ohio: Receipts of all kinds from Indiana, Michigan, Illinois, and Ohio.

Crescent City Stock Yards & Slaughter House Co., Ltd., Arabi, La.: Receipts of all kinds from Louisiana, Mississippi, Alabama, Georgia, and Texas.

Denver Union Stock Yards Co., Denver, Colo.: Receipts of cattle and calves from Colorado, Nebraska, New Mexico, Wyoming, Iowa, Texas, Utah, and Arizona; hogs from Colorado, Nebraska, Iowa, Texas, and Kansas; sheep from Colorado, New Mexico, Wyoming, Utah, Texas, Arizona, Iowa, Kansas, and Nebraska.

Detroit Stock Yards, Detroit, Mich.: Receipts of all kinds from Michigan, Indiana, and Ohio.

East Tennessee Stock Yards of Knoxville, Tenn.: Receipts of all kinds from Tennessee.

El Paso Union Stock Yards of El Paso, Tex.: Receipts of all kinds from Texas, New Mexico, Arizona, and California.

Fort Worth Stock Yards, Fort Worth, Tex.: Receipts of all kinds from Texas, Ohio, New Mexico, Arizona, and Louisiana.

Fostoria Stock Yards, Fostoria, Ohio: Receipts of all kinds from Ohio, Minnesota, Missouri, Illinois, and Nebraska.

Interstate Stock Yards of Jacksonville, Fla.: Cattle and calves from Florida, Georgia, Alabama, Tennessee, and Texas; hogs and sheep from Florida, Georgia, and Alabama.

Jersey City Stock Yards, Jersey City, N. J.: Receipts of all kinds from New York, New Jersey, Pennsylvania, Delaware, Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, and Western markets.

Kansas City Stock Yards, Kansas City, Mo.: Cattle and calves from Kansas, Missouri, Nebraska, Oklahoma, Tennessee, and Colorado; hogs from Kansas, Missouri, Nebraska, Oklahoma, Iowa, and Arkansas; sheep from Colorado, Missouri, Kansas, Arizona, New Mexico, Oklahoma, and Utah.

Miller Union Stock Yards of Atlanta, Ga.: Receipts of all kinds from Florida, South Carolina, Alabama, Georgia, Tennessee, and Kentucky.

Milwaukee Stock Yards Co., Milwaukee, Wis.: Receipts of all kinds from Iowa, Minnesota, and Wisconsin.

New York Central Stock Yards Co., Buffalo, N. Y.: Receipts of all kinds from New York, Ohio, Illinois, Indiana, Michigan, and Canada.

New York Stock Yards Co., New York City: Receipts of all kinds from Western, Central, and Eastern States and Canada.

Ogden Union Stock Yards Co., Ogden, Utah: Receipts of all kinds from Utah, Idaho, Nevada, Wyoming, Montana, and California.

Oklahoma National Stock Yards, Oklahoma City, Okla.: Cattle and calves from Oklahoma; hogs and sheep from Oklahoma, Texas, New Mexico, and Arkansas.

Pittsburg Union Stock Yards Co., Pittsburgh, Pa.: Receipts of all kinds from Ohio, Indiana, Illinois, West Virginia, and Kentucky.

Richmond Union Stock Yards Co., Richmond, Va.: Cattle and hogs from Virginia, North Carolina, South Carolina, West Virginia, Kentucky, Tennessee, and Georgia; calves from Virginia, North Carolina, South Carolina, Tennessee, and Georgia; sheep from Virginia, North Carolina, South Carolina, Kentucky, Tennessee, West Virginia, and Georgia.

St. Joseph Stock Yards Co., St. Joseph, Mo.: Cattle from Arizona, Colorado, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota, Texas, Utah, Wisconsin, and Wyoming; calves from Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah, Wyoming, Arizona, Illinois, and Wisconsin; hogs from Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, Oklahoma, South Dakota, Texas, Utah, Wyoming; sheep from Arizona, California, Colorado, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, Nevada, Oklahoma, Oregon, South Dakota, Texas, Utah, and Wyoming.

St. Louis National Stock Yards Co., National City, Ill.: Receipts of all kinds from Illinois, Iowa, Kansas, Missouri, and all Southwestern States.

Union Stock Yards and Terminal Co., Chicago, Ill.: Receipts of all kinds from most of the States, principally Iowa, Illinois, Wisconsin, Missouri, Indiana, South Dakota, Montana, and Minnesota.

Union Stock Yards, Nashville, Tenn.: Receipts of all kinds from Tennessee, Alabama, and Georgia; horses and mules from Western States.

Union Stock Yards Co., Omaha, Nebr.: Cattle and calves from Arizona, California, Colorado, Idaho, Illinois, Iowa, Kansas, Nebraska, New Mexico, Nevada, North Dakota, Oregon, South Dakota, Texas, Utah, Minnesota, Missouri, Wyoming, Washington, Ohio, Wisconsin, Indiana, Oklahoma, Montana, and Canada; hogs from Oregon, South Dakota, California, Colorado, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri, Utah, Wyoming, Washington, Montana, Nebraska, and Nevada; sheep the same as cattle, omitting Ohio, Indiana, Oklahoma, and Wisconsin.

Peoria Union Stock Yards, Peoria, Ill.: Cattle from Illinois, Iowa, and Minnesota; calves from Illinois and Iowa; hogs, from Iowa and Illinois; sheep from Illinois.

Union Stock Yards, San Antonio, Tex.: Receipts of all kinds from Texas.

Union Stock Yards, Seattle, Wash.: Receipts of all kinds from Montana, Idaho, Oregon, Washington, California, and Canada.

Western Stock Yards, Amarillo, Tex.: Cattle and calves from California, New Mexico, Arizona, and Texas; hogs from New Mexico, Arizona, and Texas; sheep.

West Philadelphia Stock Yards Co., Philadelphia, Pa.: Cattle from Pennsylvania, Delaware, Maryland, Virginia, West Virginia, Ohio, Indiana, Illinois, Kentucky, New Jersey, Tennessee, Kansas, Colorado, and Nebraska; calves from Pennsylvania, Delaware, Maryland, Kentucky, Ohio, Indiana, Illinois, and Kansas; sheep from Pennsylvania, Maryland, Ohio, Illinois, Virginia, West Virginia, and Indiana.

Wichita Union Stock Yards Co., Wichita, Kans.: Cattle, calves, hogs, and sheep from Kansas, Oklahoma, Texas, and New Mexico.

Foust-Yarnell Stock Yards Co., Chattanooga, Tenn.: Receipts of all kinds from Tennessee, Alabama, and Georgia.

St. Paul Union Stock Yards Co., South St. Paul, Minn.: Receipts of all kinds from Minnesota, Iowa, Michigan, Wisconsin, South Dakota, North Dakota, Montana, and Canada.

Sioux City Stock Yards Co., Sioux City, Iowa: Cattle and calves from Iowa, South Dakota, Minnesota, Nebraska, and North Dakota; hogs from Iowa, South Dakota, Minnesota, and Nebraska; sheep from Iowa, South Dakota, North Dakota, Minnesota, Montana, Wyoming, Nevada, Idaho, Colorado, and Nebraska.

Spokane Union Stock Yards, Spokane, Wash.: Cattle, calves, and hogs from Washington, Idaho, and Montana; sheep the same as cattle, calves, and hogs, with the addition of Oregon.

Union Stock Yards, Dayton, Ohio: Receipts of all kinds from Ohio, Indiana, and Kentucky.

Union Stock Yards, Evansville, Ind.: Receipts of all kinds from Indiana, Illinois, and Kentucky.

La Fayette Union Stock Yards, La Fayette, Ind.: Receipts of all kinds from Indiana.

Salt Lake Union Stock Yards, North Salt Lake, Utah: Cattle, calves, and sheep from intermountain section, transit from California; hogs from Utah and Idaho.

Toledo Union Stock Yards, Toledo, Ohio: Receipts of all kinds from Ohio, Indiana, Illinois, and Michigan.

Union Stock Yards Co., Baltimore, Md.: Cattle from Illinois, Virginia, West Virginia, Pennsylvania, Maryland, Tennessee, Kentucky, North Carolina, South Carolina, and Georgia; calves from Virginia, West Virginia, Pennsylvania, Tennessee, and Maryland; hogs from Illinois, Ohio, Tennessee, Virginia, West Virginia, Pennsylvania, Maryland, and Kentucky; sheep from Illinois, New York, Ohio, West Virginia, Virginia, Kentucky, and Maryland.

EXHIBIT 2.

Names of Each Incorporated Stockyards Company, with Location, Capital Stock, and Bonded Indebtedness (1917).

The names of incorporated stockyards companies, with their location and capital stock and bonded indebtedness as of 1917, were as follows:

Companies.	Common.	Preferred.	Bonds.
Belt Railroad & Stock Yards Co., Indianapolis, Ind.	$2,000,000	$500,000	$1,000,000
Bourbon Stock Yards Co., Louisville, Ky.	1,300,000		
Brighton Stock Yards Co., Brighton, Mass.	10,000		
Central Union Stock Yards Co., Jersey City, N. J.	601,000		
Cincinnati Union Stock Yards Co., Cincinnati, Ohio	1,750,000		
Cleveland Union Stock Yards Co., Cleveland, Ohio	1,192,400		
Crescent City Stock Yards & Slaughter House Co., Ltd., Arabi (New Orleans), La.	500,000		100,000
Dallas Union Stock Yards Co., Dallas, Tex	16,000		
Dayton Union Stock Yards Co., Dayton, Ohio	100,000		
Denver Union Stock Yards Co., Denver, Colo.	1,500,000	400,000	

	Common.	Preferred.	Bonds.
Drovers Union Stock Yards Co., Columbus, Ohio	$50,000		
Evansville Union Stock Yards Co., Evansville, Ind	95,000		
El Paso Union Stock Yards Co., El Paso, Tex	100,000		
Fort Worth Stock Yards Co., Fort Worth, Tex	2,750,000		$942,000
Fostoria Union Stock Yards Co., Fostoria, Ohio	33,750		
Four Yarned Stock Yards Co., Chattanooga, Tenn	100,000		
Independent Union Stock Yards Co., El Paso, Tex	25,000		
Independent Stock Yards Co., St. Louis, Mo	10,000		
Interstate Stock Yards Co., Jacksonville, Fla	25,000		
Interstate Stock Yards Co., Toledo, Ohio	103,900		
Jersey City Stock Yards Co., Jersey City, N. J	500,000		
Kansas City Stock Yards Co., Kansas City, Mo	2,500,000	$7,991,500	1,334,000
La Fayette Union Stock Yards Co., La Fayette, Ind	110,000		
Laramie Stock Yards Co., Laramie, Wyo	200,000		
Memphis Union Stock Yards Co., Memphis, Tenn	98,500		111,000
Miller Union Stock Yards Co., Atlanta, Ga	250,000	180,000	
Milwaukee Stock Yards Co., Milwaukee, Wis	200,000		
Nebraska City Union Stock Yards Co., Nebraska City, Nebr	40,000		
Newark Stock Yards Co., Newark, N. J	50,000		
New York Stock Yards Co., at New York City	500,000		
Ogden Union Stock Yards Co., Ogden, Utah	59,000		
Oklahoma National Stock Yards Co., Oklahoma City, Okla	1,000,000		
Peoria Union Stock Yards Co., Peoria, Ill	200,000		
Pittsburgh Union Stock Yards Co., Pittsburgh, Pa	1,200,000		
Portland Union Stock Yards Co., North Portland, Oreg	150,000		
Pueblo Stock Yards Co., Pueblo, Colo	125,000		
Richmond Union Stock Yards Co., Richmond, Va	75,000		
St. Joseph Stock Yards Co., St. Joseph, Mo	2,500,000		1,250,000
St. Louis National Stock Yards Co., National City, Ill	4,300,000		2,500,000
St. Paul Union Stock Yards Co., St. Paul, Minn	2,500,000		1,650,000
Salt Lake Stock Yards Co., Salt Lake City, Utah	194,600		
Sioux City Stock Yards Co., Sioux City, Iowa	1,387,600	1,460,700	1,225,000
Sioux Falls Stock Yards Co., Sioux Falls, S. Dak	500,000		100,000
South San Francisco Union Stock Yards Co., San Francisco, Cal	231,000		
Spokane Union Stock Yards Co., Spokane, Wash	238,000	110,550	23,000
Toledo Union Stock Yards Co., Toledo, Ohio	100,000		
Union Stock Yards Co., Baltimore, Md	800,000	200,000	100,000
Union Stock Yards & Transit Co., Chicago, Ill	13,200,000		500,000
Union Stock Yards Co., Lancaster, Pa	100,000		
Union Stock Yards Co. of Lincoln, Burnham, Nebr	300,000		
Union Stock Yards [illegible]	[illegible]	250,000	
Union Stock Yards Co. of South Omaha, Omaha, Nebr	7,490,300		700,000
Union Stock Yards Co., Philadelphia, Pa	[illegible]0,000		
West Philadelphia Stock Yards Co., Philadelphia, Pa	300,000		
Western Stock Yards Co., Amarillo, Tex	[illegible]		75,000
Wichita Union Stock Yards Co., Wichita, Kans	1,400,000		[illegible]

Exhibit 3.

Jersey City Stockyards Correspondence.

Letters referring to the lease of the Jersey City Stock Yards by the Pennsylvania R. R. Co. to Armour and Swift.

S. W. ALLERTON,
757 FIRST NATIONAL BANK BLDG.

CHICAGO, *Aug. 4, 1915.*
Ack 8/6

Mr GEORGE D. DIXON,
Vice Prest. Traffic Dpt., Penn. R. R. Co.,
Philadelphia, Pa.

MY DEAR DIXON: After a long siege of negotiations we have succeeded in getting Swift's stock back on the road. I think, if you knew what it cost me, you would say I was a little foolish; but first, my ambition was to have the Pennsylvania Railroad carry more live stock out of Chicago and more live stock into Jersey City, and Swift was the only shipper possible for me to get. First, it was very important to have Swift and Armour as buyers in the Jersey City stockyards, as they brought S. & S. and Morris to the Jersey City stockyards. They could not afford to let Armour and

Swift have all the local cattle, as they are always cheaper than through cattle from Chicago.

S. & S. have been ten years trying to build a market at Jersey City, but they could not get the commission men from us, and, consequently could not form a market. Second, Swift was a very important factor in Pittsburgh, as he bought a good many heavy hogs that he shipped to Boston, that we had really no trade for.

Your agent here, Mr. Oliver, came down to see me a good many times, urging me to get Swift back on the road as he said that gave him some small cattle shippers who followed Swift, and when Swift was on our road, he was able to get a great deal of Swift's provisions, which amounted to more than the cattle, so he was very anxious that I get Swift back on the road.

I now feel pretty sure that the Pennsylvania Railroad will always get its full share of live stock into New York. We have been doing pretty well without Swift, but I hope we will now do better.

Yours sincerely,

S. W. ALLERTON.

PENNSYLVANIA LINES WEST OF PITTSBURGH,
GENERAL OFFICE, PENNSYLVANIA STATION.

PITTSBURGH, PA., *August 6, 1913.*

From: G. D. Dixon, 8-2-13. (Enclosures.)
Subject: Swift & Company—Acquisition of interest in Jersey City stockyards—Routing of Chicago-New York live stock via Pennsylvania.
Respectfully returned to

Mr. G. D. DIXON,
Vice President, P. R. R., Philadelphia, Pa.

This is confirmed by a letter which I have from Mr. Allerton on the subject; I have no doubt he has also written you. I am glad that Swift & Company concluded to go to the Jersey City yards, although I have no doubt that the Swifts insisted on conditions which made it advantageous to them to acquire an interest in the yards. Mr. Hodgdon also has a letter from Mr. Oliver, our live-stock agent at Chicago, in which he says arrangements have been made for Swift to turn his business over to our lines, commencing with the 4th of this month, and we are asking our people to look after it and see that it is given good service. I hope that you will do likewise. It is also important that the westbound empties be promptly returned.

D. T. MCCABE,
Fourth Vice President.

THE PENNSYLVANIA RAILROAD COMPANY,
GENERAL OFFICE, BROAD STREET STATION.

G. D. D. S. S.—Jersey City stockyards—interest of Swift & Co. in.

OFFICE OF THE FREIGHT TRAFFIC MANAGER,
Philadelphia, August 19, 1913.

Mr. GEO. D. DIXON,
Vice President.

Our people have been advised of this, and our transportation department have made every preparation to handle the business in a manner satisfactory to Swift & Co., including the movement of westbound empties.

ROBT. C. WRIGHT,
Freight Traffic Manager.

RCWKy

MORRIS & COMPANY, TRANSPORTATION DEPARTMENT,
Chicago, Ill., September 27, 1912.

Mr. G. D. DIXON,
Vice President Pennsylvania Railroad Company.

DEAR SIR: Referring to my talk with you yesterday morning at your office in regard to the Jersey City stockyards, at which time you advised me that the matter of making another lease was still open for negotiation, and asked that I file with you a letter making application therefor if we were interested.

We would like to be considered as an applicant for these yards, and are prepared to make you a flat offer of $50,000 a year rent, on the understanding that present conditions will be maintained. This is an increase over what you are now receiving of a hundred per cent, as we are informed, and I trust is sufficient to justify your company in leasing the property to us.

We hope nothing definite will be done towards closing this lease without our being included or an opportunity being given us to further discuss the matter.

Awaiting your favorable reply, we remain,

Yours truly,

MORRIS & COMPANY,
A. W. McLAREN,
Manager Transportation Department.

CHICAGO, ILL., *September 27, 1912.*

Personal.

Mr. G. D. DIXON,
Vice President Pennsylvania Railroad Company,
Philadelphia, Pa.

DEAR SIR: Referring further to your application for the lease of the Jersey City stockyards, which we are informed will be renewed shortly for a long term, probably to tenants other than the present lessees.

As stated in my interview with you, we wish to be considered as applicants for this lease, and in view of the general situation and all the circumstances, we feel our application, if given favorable consideration, would result advantageously to the Pennsylvania Company.

In this particular, I would like to call your attention to the great number of live cattle which our company is shipping each week to New York, to the Joseph Stern & Sons' plant, which movement is controlled by us; also to the following table, which will give you an idea of the export movement of live cattle for the past 5 years, showing the position of this company as compared with its principal competitors:

	Morris.	Swift.	Sulzberger.	Armour.
1907	92,959	70,032	43,139	None.
1908	93,414	59,256	26,560	None.
1909	82,621	53,919	19,015	None.
1910	59,942	38,702	12,266	None.
1911	66,003	42,220	23,784	None.

The interests controlling the 40th Street yards, which are located in the heart of the West Side slaughterhouse district on Manhattan Island, are such that we can attach to the Jersey City stockyards the 40th Street yard.

This yard is the only large stockyard available on Manhattan Island which is owned by interests other than railroads, and over which we will exert a controlling

influence during a long lease. This latter yard has dock facilities in connection with it, in the heart of the slaughterhouse district.

The traffic which you are now enjoying from other interests making application for these yards can not be very much increased. They already control to a large degree your icing facilities, which are very valuable and through which you are strongly allied, and the tonnage you are now enjoying can reasonably be considered as a maximum. Therefore, the forming of an alliance with our interest should be the means of bringing to your line a great additional tonnage, and these facts, we feel, should appeal to you as the traffic director of the Pennsylvania lines, as to why it would be inadvisable to make any arrangement at Jersey City which does not contemplate our interests being included therein. I would like to talk to you further in the matter and trust that nothing will be done toward closing up this proposition without including us therein, or affording us an opportunity to further discuss the subject with you.

Yours very truly,

A. W. McLaren.

September 27, 1912.

Confidential.

Mr. D. T. McCabe,

Fourth Vice President Pennsylvania Lines, Pittsburgh, Pa.

Dear Sir: I had a visit yesterday from Mr. A. W. MacLaren, of Morris & Co. Evidently they have heard that we are working with Armour & Co. in the Jersey City matter. He was very persistent that we let them make a bid for this property, intimating that they could do a great deal more for us. Finally he said, "Let us go into partners with Armour & Co."

I expect to meet Mr. Meeker in New York on Tuesday next and it is well to have this proposition before us, as it may enable us to make a better deal.

Yours truly,

Geo. D. Dixon, *Vice President.*

[Telegram via private wire.]

Oct. 1, 1912.

Confirmation.

N. Y. 2

Geo. D. Dixon,

V. P. Penna. R. R., Pha.

It occurs to me that it would be better not to answer that Morris letter at all for the present. The way you suggested answer it might embarrass Mr. Allerton.

A. Meeker. 212P

Morris & Company, September 27th, and copy of reply, October 2d, 1912, etc. Offer of Morris & Company to lease the Jersey City stockyards.

October 2, 1912.

Referred to

Mr. D. T. McCabe,

Fourth Vice President, Pennsylvania Lines, Pittsburgh, Pa.

I think you will agree with me that we cannot afford to deal with Morris & Company in this matter.

I am also able to advise you that I had a conference in New York yesterday with Mr. Meeker, and we have come to an understanding as to what amount of money

should be expended by each party. As soon as the details are worked up by Mr. Sheppard I will submit the matter to our chief executive, and hope to get action approving the proposition at the meeting next week.

If you expect to be in Chicago within the next few days you might take this correspondence with you and talk the matter over with Mr. Allerton, as I think he should know of this situation.

Please return the papers when you have finished with them.

W GEO. D. DIXON, *Vice President.*

OCTOBER 2, 1912.

MESSRS. MORRIS & COMPANY,
Chicago, Ill.

GENTLEMEN: Referring to your letter of September 27th, in regard to the Jersey City stockyards matter: We have been negotiating with another party in regard to this matter, and I find that the negotiations have progressed so far that I am not in a position to take up the question with you.

Yours truly,

GEORGE D. DIXON, *Vice President.*

CHICAGO, *October 7, 1912.*

MR. GEO. D. DIXON,
Vice President, Pennsylvania Railroad Co., Philadelphia, Pa.

DEAR SIR: We are in receipt of yours of October 2d advising negotiations have progressed so far with other parties that you are not in position to consider our proposition concerning the Jersey City stockyards.

I can hardly believe, in view of your assurance to me in your office that nothing would be done on this matter of a definite character until we had an opportunity to discuss the same with you, that this company would be accorded unfair treatment at the hands of the Pennsylvania Railroad. I left you with the positive assurance that nothing definite had been decided and that you would not close the matter until you had considered it very thoroughly, at which time our interests would be given consideration. As I explained to you, our people have holdings in this yard which the action suggested by you would destroy entirely. I hesitate to believe that your people would take action of this character without giving this company consideration.

Won't you let me hear from you further in the matter, and oblige?

Yours very truly,

AWM-NS A. W. MCLAREN.

S. W. ALLERTON,

757 FIRST NATIONAL BANK BLDG.

CHICAGO, *Oct. 9, 1912.*

MR. GEO. D. DIXON,
Vice Prest. Penn. R. R. Co., Philadelphia, Pa.

MY DEAR SIR: So far as Morris is concerned, he is on the New York Central where he expected to do all the business done in New York. He expected to clean us out in Jersey City, but we have the business and he has his own cattle and a few calves. He is an enemy of the Penn. R. R. as he is tied up on another road, but he would like to do something to make trouble if he could, so I don't think you want to pay any attention to him as he is clearly and positively your enemy.

Yours truly,

S. W. ALLERTON.

OCTOBER 9, 1912.

Messrs. MORRIS & COMPANY,
Chicago, Ill.

GENTLEMEN: I have before me a letter from your Mr. McLaren, dated October 7th, in connection with the Jersey City stockyards matter, and am rather surprised at the statements contained therein, in view of my very frank statement to him as to what the conditions were in connection with this proposition. As a matter of fact, I was not called upon to tell him anything, and as for giving him any assurance one way or another in connection with the matter, Mr. McLaren is certainly in error. Under the circumstances I am at a loss to account for his assertion that he has received unfair treatment at the hands of the Pennsylvania Railroad.

Yours truly,

GEO. D. DIXON, *Vice President.*

CHICAGO—EAST ST. LOUIS—ST. JOSEPH—KANSAS CITY—OKLAHOMA CITY.
MORRIS & COMPANY, PACKERS AND PROVISIONERS.
TRANSPORTATION DEPARTMENT.

CHICAGO, *October 18, 1912.*

Mr. GEO. D. DIXON,
Vice President Pennsylvania Railroad, Philadelphia, Pa.

DEAR SIR: We are in receipt of your letter of October 9th in reference to the Jersey City stockyards matter, wherein you advise us you are surprised at the statements contained in our letter of the 9th.

In order to remove any misunderstanding, I wish to make record of the fact that when I left your office I had in my mind your last statement to me that nothing had as yet been definitely settled as to the disposition of the Jersey City yards and that you proposed to make the best arrangement you could for the Pennsylvania Railroad Company's interests, and there was no great hurry in the matter; that it would be several days before anything definite would be reached, and furthermore, that we would be given consideration.

Yours truly,

A. W. MCLAREN,
Manager Transportation Depart.

QWM-NS

OCTOBER 28, 1912.

Messrs. MORRIS & COMPANY,
Chicago, Ill.

GENTLEMEN: Your letter of the 18th instant, in connection with the Jersey City stockyards matter, received. Your understanding differs somewhat from mine, in so far that I promised to advise you what would be our conclusion in connection with this matter after giving the whole subject our careful consideration.

Yours truly,

W

GEO. D. DIXON, *Vice President.*

S. W. ALLERTON,
757 FIRST NATIONAL BANK BLDG.

CHICAGO, *Nov. 2, 1912.*

Mr. GEORGE D. DIXON,
Vice Prest. Penn. R. R. Co. Traffic Dept., Philadelphia, Pa.

MY DEAR DIXON: Mr. Meeker tells me that he thinks he can get Morris, S. & S., and Swift, all on our road. I tell him I think that would be a mistake as it would lead to a fight, and undoubtedly would break the rates and be a general row.

What we really want is a good big share—full percentage of the business. Now am I right or would you like to have him attempt to get all this business? I think next spring we probably will be able to get all Swift's business. That's the business the Lehigh Valley has from the United Dressed Beef Company, which is now owned by Swift. Morris, of course, is all alone, expecting to do all the business and now has lost it.

I think quite likely that Arthur Meeker might get Morris, but I think if he could get Swift, he is a much better man than Morris.

Yours truly,

S. W. ALLERTON.

NOVEMBER 4, 1912.

Mr. SAMUEL W. ALLERTON,

757 First National Bank Building, Chicago, Ill.

MY DEAR MR. ALLERTON: Your letter of the 2d instant, in connection with the Jersey City stockyards matter, received. I doubt whether it is advisable to try and get all these large companies on our road, at least at this time. I think if Swift can be induced to ship his business over our lines it is as far as we should go at this time, letting the others come along later, if the conditions warrant it.

Yours very truly,

W GEO. D. DIXON, *Vice President.*

CHICAGO, *April 23, 1913.*

Mr. ARTHUR MEEKER,

Armour & Company, Union Stock Yards, Chicago.

DEAR SIR: Regarding the stockyards proposition. As you know, we can not see our way clear to divert our shipments from our present routing, which has proved very satisfactory.

It is true your offer provides for shipping via the present routing, and diverting to the Pennsylvania at a junction near the Jersey City stockyards; but we are firmly convinced that this will not be satisfactory to either the Lehigh or the Pennsylvania after it gets into practical operation. In fact we have failed to get any assurance whatever from the Pennsylvania that the above is satisfactory.

Therefore, considering everything, we have decided that it is not possible for us to join you, which we sincerely regret; and thank you for the time and attention which you have given us in the matter.

Yours respectfully, L. F. SWIFT.

AUGUST 2, 1913.

Mr. ARTHUR MEEKER,

c–o Armour and Company, Union Stock Yards, Chicago, Ill.

DEAR SIR: I received your letter of July 31st this morning, in regard to the movement of cattle to Jersey City, account of Swift and Company, and I am very much pleased to hear that this business is to come over our road.

Yours truly,

g GEO. D. DIXON, *Vice President.*

ARMOUR AND COMPANY
GENERAL OFFICES: UNION STOCK YARDS.

CHICAGO, ILL., *July 31, 1913.*

Mr. GEORGE D. DIXON, ack 8/2

Vice President Pennsylvania Railroad Company, Broad Street Station, Philadelphia, Pa.

DEAR MR. DIXON: I am in receipt of yours of July 8th and will endeavor to get some more data on the subject mentioned. Many thanks for writing me so promptly.

You will be glad to know that after protracted negotiations we have gotten Swift & Co. interested in the Jersey City yards, and within a week are going to ship the cattle that they kill in their plant, 1st Ave. and 44th Street—about 400 per week—over the Pennsylvania, to the Jersey City yards, as well as all their small stock—that is, sheep and lambs and calves, which will run close to 10,000 head a week at the present time, but will average 7,000 to 8,000 for the year.

There is no possibility of getting their United Dressed Beef Co. cattle, as they have some kind of a deal with the Lehigh, particulars of which I could not get at, which is more favorable than anything we could offer them.

We have made this arrangement at considerable sacrifice to ourselves, in order to bring more freight to your road.

Yours very truly,

ARTHUR MEEKER.

See J. B. T.

HIGHLAND STREET,
SOUTH PASADENA, CALIFORNIA.

SOUTH PASADENA, CALIF., *January 13, 1912.*

Mr. D. T. McCABE,
3rd Vice President Pa. Co., Pittsburg, Pa.

MY DEAR McCABE: I have just received a statement from Mr. Oliver showing that we were three thousand cars short on the Pa. & Fort Wayne R. R. and about fifteen hundred cars on the P., C. & St. L. R. R. out of Chicago. We have made a big increase in our local business, but we are short out of Chicago 4, 500 cars. The through cattle that are shipped out of Chicago are shipped mostly by S. & S., United Dressed Beef Co., and the New York Butchers' Association, and Ed. Morris, who bought out Stearns, who used to ship with us about 4,000 cars per year. The New York Central tried to get him way from us, but they could not do so, until they got Morris to buy him out.

No man can ship cattle from Chicago to New York unless he has an abattoir.

We have to ship a few cattle in February to our butchers. We always expect to lose about $20 per car.

Now the real question is how are we going to make up this shortage. There is but one way to do it, and that is to get Armour in Jersey City, and then we will get the New York Butchers' Association cattle which will put us in good shape and I feel sure then we will maintain our percentage for years to come.

I think next spring I can get Armour to take hold of Jersey City; our people want him but the trouble is that it will cost one and one-half million dollars to build an abattoir at Jersey City, and our people do not like to advance the money, and Armour does not like to put the money out on leased ground, but I think I could make an arrangement with Armour to lease the ground for the abattoir, and he build the abattoir, and the Pa. Railroad would take it off his hands at the end of the lease with 2 per cent depreciation, and I think our people would have to lend him about one-half of the money to build it.

Legally he could not lease the grounds, but I could arrange with him to lease the ground and sell him most of the stock.

The lease of Jersey City runs out one year from next February, and it would probably take one year to build the abattoir.

Now I think that when you are in Philadelphia you ought to take this matter up with Mr. Thayer, because this is the only way we can increase our shipments out of Chicago.

I hope you and your family are all well. I never was better in my life than I am this winter.

Yours truly,

S. W. ALLERTON.

PENNSYLVANIA LINES WEST OF PITTSBURGH,
GENERAL OFFICE, UNION STATION.

PITTSBURGH, PA., *March 1, 1912.*

From: J. B. Thayer, 2-24-12. Wm. Hodgdon, 2-28-12. (Enclosures.)
Subject: Jersey City, N. J.—Proposed lease of stockyards to Armour & Company—Inquiry of Mr. Arthur Meeker as to status of matter.

Respectfully returned to
Mr. J. B. THAYER,
Second Vice President, P. R. R.,
Philadelphia, Pa.

Noted.—There is a rumor to the effect that, whatever is the outcome of the packers' trial now in progress, the National Packing Company will dissolve; but, whether this is true or not I think that Armour & Company ought to be able to influence a material live stock tonnage to our lines if they should become interested in the Jersey City stockyards.

D. T. McCABE,
Fourth Vice President.

S. W. ALLERTON,
757 FIRST NATIONAL BANK BLDG.

CHICAGO, *July 10, 1912.*

Mr. GEORGE D. DIXON,
Vice Prest. Traffic Dept. Penn. R. R. Co.,
Philadelphia, Pa.

MY DEAR DIXON: I hope you and Mr. Meeker will be able to get matters adjusted. They will expect an interest in the stockyards. The old lease expires in February, and the present stockholders, outside of Brainard and myself, are no good. We must have live men—men who take an interest in the stockyards, so I think the proper way will be for me to make a new lease so I can sell stock to Armour and close up the old company.

Walter Sherman says you have the power to close up the lease at any time, but I don't believe I would do that—let the lease expire and then make a new lease. I am sure if we locate Mr. Armour at Jersey City, we will increase our local stock business one-third and it will be a permanent increase. I saw Mr. Armour yesterday and he said as soon as they got the National Packing Company straightened out, he would give me the cattle.

They are having hard work to adjust the National Packing Company, as they control a good many good packing houses and some bad ones, and of course, they all want the good ones. They have been steadily at work trying to dissolve this organization for the last two months, and they must do it by the first of August or the Government will dissolve them.

Yours truly,

S. W. ALLERTON,

AUGUST 20, 1912.

Mr. ARTHUR MEEKER,
c/o Armour & Company,
Chicago, Ill.

DEAR SIR: In connection with the Jersey City stockyards proposition: I attach herewith a memorandum which is the outcome of a conference between your experts and General Superintendent Sheppard, showing that the Pennsylvania Railroad Co. would have to expend $228,464 and your company $438,000, or a total estimated expenditure of $666,464. Since this estimate was made a question has been raised as to the size and weights of the buildings which your company will construct; therefore the estimate, so far as our expense is concerned, will no doubt be increased by possibly 15 per cent.

With this expenditure upon the part of your company and ours this property would be put in first-class condition, and I understand that it is your purpose to organize a new company, to take over the Jersey City stockyards, when the present lease expires in February, 1913.

In order that this whole subject can be laid before our board of directors at their meeting next month I will be pleased if you will advise me whether my understanding of the general proposition is in accordance with yours, and that you are prepared to make an agreement with us about on the following basis:

First, to lease these yards and buildings on the basis of the present rental of $25,000 per annum, plus all taxes and water rents, together with an additional amount to cover interest on the money expended by the Pennsylvania Railroad Co. in making permanent improvements (this to be arrived at by eliminating any expenditures which would be necessary on our part to put the property in proper repair); your company to assume the premium on the insurance covering the yards and buildings, which will be arranged for through our insurance department;

Second, the said yards and abattoir to be open to the public for their general use, as well as to any other companies which may desire to use these facilities, on the basis of charges which shall be uniform to all; it being also understood that the parties who are now utilizing these premises for the handling and slaughtering of cattle are not to be disturbed;

Third, our company to agree to allow to the said stockyards company the usual yardage charges, which amounts will be specified in the agreement;

Fourth, the agreement to be made for a term of ten years, with the privilege of renewal for another period of ten years.

I will be pleased to hear from you as to your acceptance of this proposition, and I will then lay the matter before our board of directors for final approval, as you understand that all matters of this character must go before them before being finally concluded.

Yours truly, GEO. D. DIXON, *Vice President.*

MEMORANDUM.

Before Armour & Co. could successfully operate the Jersey City stockyards they would desire the following:

	To be assumed by P. R. R. Co.	To be assumed by Armour & Co.
Extension of pier about 225 feet for width of 260 feet, wooden deck, at estimated cost of	$107,464	
On this extension they desire to put a—		
Beef abattoir		$61,000
Beef cooler		148,000
Oleo	33,000	
Lard refinery		86,000
In the way of repairs, they would expect the P. R. R. to assume for—		
Cattle runs	5,000	
Truckway for offal passage	3,000	
General repairs to present buildings	30,000	
Their estimate for machinery and equipment, to be borne by themselves, is as follows:		
Power plant, boilers, ice machines, generators, &c		68,000
Equipment for lard refinery		60,000
Equipment for oleo		10,000
Equipment for beef cooler and offal department		5,000
Additional repairs necessary to the bins, etc., to put them in good condition, same type of construction	50,000	
(Mr. McCrea suggested to Mr. Allerton that concrete, which would cost considerably more, might be preferable.)		
Total	228,464	438,000

To be assumed by P. R. R. Co	$228,464
To be assumed by Armour & Co	438,000
Grand total estimated cost	666,464

ARMOUR AND COMPANY
GENERAL OFFICES: UNION STOCK YARDS
CHICAGO, ILLINOIS.

AUGUST 23, 1912.

Mr. GEORGE D. DIXON,
V. P. Pennsylvania Railroad Co., Ack. 8/28.
Broad Street Station, Philadelphia, Pa.

DEAR MR. DIXON: I am just in receipt of yours of the 20th. Every suggestion in your letter is exactly as I understand it, with this exception, that in your memorandum you put the two items $61,000 for a beef abattoir and $148,000 for a beef cooler under the expenses to be assumed by Armour & Company. This is all new construction and for the general use of the public, and should be under the column of expense to be assumed by the P. R. R. Co. This was indicated in all my discussions with you and Mr. Sheppard; we agreeing to build buildings, like the lard refinery, which is for our exclusive use, at our expense, and all the mechanical equipment necessary for all the buildings. I enclose a corrected memorandum.

I am unable, of course, to comment on Mr. Sheppard's estimates of repairs, but I am sure he understands what needs to be done, even better than we do.

With this correction, I should be pleased to have you take up the matter with your directors.

When may I hear from you about Philadelphia?

Yours very truly,

ARTHUR MEEKER.

MEMO.

Before Armour & Co. could successfully operate the Jersey City stockyards they would desire the following:

	To be assumed by P. R. R. Co.	To be assumed by Armour & Co.
Extension of pier about 225 feet for width of 260 feet, wooden deck, at estimated cost of	$107,464	
On this extension they desire to put a—		
Beef abattoir	61,000	
Beef cooler	148,000	
Oleo	33,000	
Lard refinery		$86,000 ok
In the way of repairs, they would expect the P. R. R. to assume for—		
Cattle runs	5,000	
Truckway for offal passage	3,000	
General repairs to present buildings	30,000	
Their estimate for machinery and equipment, to be borne by themselves, is as follows:		
Power plant, boilers, ice machines, generators, &c		68,000 ok
Equipment for lard refinery		60,000 ok
Equipment for oleo		10,000 ok
Equipment for beef cooler and offal dep't		5,000 ok
Additional repairs necessary to the bins, etc., to put them in good condition same type of construction	50,000	
(Mr. McCrea suggested to Mr. Allerton that concrete, which would cost considerably more, might be preferable.)		
	437,464	229,000

To be assumed by P. R. R. Co.	$437,464
To be assumed by Armour & Co.	229,000
Grand total estimated cost	666,464

ARMOUR AND COMPANY.
GENERAL OFFICES: UNION STOCK YARDS,
CHICAGO, ILLINOIS.

AUGUST 23, 1912.

Mr. GEORGE D. DIXON,
V. P. Pennsylvania Railroad Co.,
Broad Street Station, Philadelphia, Pa.

DEAR MR. DIXON: Supplementing my note of this date, of course the buildings that we build, being permanent construction, it would be fair, we think, in event of our lease not being renewed, that the buildings be taken over by our successors at some appraised value.

Yours very truly,

ARTHUR MEEKER.

OCTOBER 5TH, 1912.

Mr. JAMES MCCREA, *President.*

DEAR SIR: The lease of the Jersey City stockyards to the Jersey City Stock Yards Company expires February 12th, 1913. As you are aware, we have been in communication with representatives of Armour & Company looking to the lease of this property at that time, and on October 1st I had a conference with Mr. Arthur Meeker, representing the Armour interests, and General Superintendent Sheppard, at which the attached outline plan was adopted. You will note that this plan requires the expenditure of $320,000 by this company, upon $220,000 of which we are to receive six per cent interest under the lease. The new stockyards company are to assume the expenditure of $340,000 in the construction of the facilities as outlined.

Mr. Atterbury, as well as the officers of the lines west of Pittsburgh, are familiar with this proposition and favor its adoption. I would, therefore, ask your approval and an appropriation which will allow us to proceed. Of course, the necessary agreements, etc., will be taken care of by the legal department. Attached is also statement showing the prospective increase in traffic. [See memo. dated 3/15/1912.]

Prompt action is necessary in order that Armour and Company as well as our people can proceed with the proposed plans.

Yours truly,

GEO. D. DIXON, *Vice President.*

Copy to Mr. Atterbury.

[Enclosure.]

Live-stock, Jersey City stockyards, business of 1911.

Cars:	
Cattle	4,696
Sheep	2,966
Calves	329
Hogs	3,266
Horses	378
Total	11,635

Approximate gross revenue P. R. R. lines east	$398,154.97
Approximate gross revenue P. R. R. lines west	193,795.38
Approximate gross revenue P. R. R. system	591,950.35

Advice of G. H. Cobb to G. F. A.
Advice of Comptroller P. R. R.

Additional business per letter A. Meeker to G. B. Robbins 11-10-1911.

	Cattle.	Sheep.	Calves.	Hogs.	Total.
Per week (head)	1,000	6,000	1,500	4,500	13,000
Equals per year (head)	52,000	312,000	78,000	234,000	676,000
Approximate C/L (cars)	2,364	DD 624	DD 821	SD 893	7,295
	....	SD 1,248	....	DD 1,345	....
	....	1,872	....	2,238	....

Approximate average P. R. R. gross revenue per car on Jersey City business is as follows:

Cattle	$33.69
Sheep	30.24
Calves	37.68
Hogs	36.53

and on this basis for P. R. R. lines east, and comptroller's figures for 1911 for lines west, the gross revenue showing is as follows:

P. R. R. lines east	$248,941.86
P. R. R lines west	121,160.00
P. R. R. system	370,101.86
Yardage paid Jersey City Stock Yards Co., 1911	114,471.94
Corresponding item on additional business above noted	71,570.78

Rc
March 15, 1912

$962,000 gross.
say 700,000 cost on 70% basis including yardage.
net 262,000

592,000 gross earngs 1911.
90,000 lines west .... 370,000 addl.

172,000 lines east.. Total........... 962,000
Yardage.. 186,000

Net.. 776,000

[The figures in the above enclosure were made in writing on the original memorandum.]

OCTOBER 7, 1912.

Mr. SAMUEL W. ALLERTON,
757 First National Bank Building, Chicago, Ill.

MY DEAR MR. ALLERTON: In connection with the Jersey City stockyards, which I understand the present company does not wish to release. We have, as you are aware, conferred with other parties in regard to taking over this property when the present lease expires, and we have about reached an understanding. I assume you will take such action as is necessary for the formation of the new company, so that we have the name, etc., before preparing the new agreement.

Yours truly,

GEO. D. DIXON, *Vice President.*

PENNSYLVANIA LINES WEST OF PITTSBURGH,
GENERAL OFFICE, UNION STATION, PITTSBURGH, PA.,
D. T. M'CABE, FOURTH VICE PRESIDENT.

OCTOBER 8, 1912.

Mr. G. D. DIXON,
Vice President P. R. R. Co.,
Philadelphia, Pa.

DEAR SIR: I have yours of the 7th instant, enclosing copy of your letter to Mr. S. W. Allerton concerning the lease to a new company of the Jersey City stockyards, and am glad to know that the matter is progressing favorably.

I also have your communication of October 2d, enclosing letter to you from Mr. McLaren, manager transportation department, Morris and Company, in which he urges that Morris and Company should be substituted for Armour in the matter of lease of the yards. Your conclusions on this point, as expressed in your letter, are, I believe, correct. Morris and Company give us practically no live-stock business. They do route via our lines a reasonable proportion of their dressed beef and packing-house products, but that is an entirely different branch of the business and should not "cut any figure" in this matter. We formerly carried the Joseph Stern and Sons' live stock, but when they were bought out by Morris and Company, in 1910, the business was, as you know, diverted from us to the Sixtieth Street yards, which, I understand, are controlled by Morris and Company. We would be very glad, indeed, to have the business returned to our lines, but not under the conditions suggested by Mr. McLaren.

I will retain for a while Mr. McLaren's letters for the purpose of showing them to Mr. Allerton, as you suggest, and return them to you later.

Yours truly,

D. T. MCCABE,
Fourth Vice President.

S. W. ALLERTON,
757 FIRST NATIONAL BANK BLDG.

CHICAGO, *Oct. 14, 1912.*

Mr. GEORGE D. DIXON,
Vice Prest. Penn. R. R. Co.,
Philadelphia, Pa.

MY DEAR DIXON: Mr. Meeker's attorneys are now forming a company and think West Virginia a better place than New Jersey. I will see Mr. Meeker this afternoon and hurry him up in the matter.

Yours truly,

S. W. ALLERTON.

Memorandum of understanding which will be used as a basis for a formal contract to be prepared by the legal department.

In view of the fact of Armour & Company not spending the money on the Jersey City stockyard property as originally outlined, it is their intention to purchase the Halstead property, located at the corner of 17th and Cole Streets; and they wish to be relieved of the former understanding as to expenditure on the Jersey City property, in lieu of which they agree:

First, that all live stock controlled or shipped by them, used in this packing establishment, will be shipped over the Pennsylvania System to Jersey City and slaughtered at that point.

Second, that any and all other traffic shipped in or out of the Halstead property, which is to be operated by Armour & Company, will be routed and forwarded via the Pennsylvania System, except where it is impracticable to do so.

(PENCIL NOTE: Want separate agreement between P. R. R. and *Armour & Co.* relative to this clause.)

It is understood that the operation of this contract will be of the same duration as the contract between the Jersey City Stock Yards Company and the Penn's R. R. Company.

Copy to P. B. Prince with letter 2/5.

February 4, 1913.

OK. A. Meeker, G. B. Robbins, O. L. Sheppard.

EXHIBIT 4.

Correspondence Regarding Cooperation of Live Stock Commission Men with Packers to Defeat Borland Resolution.

Letters and telegrams from the packers' files showing cooperation of live stock commission men with big packers in an effort to defeat the Borland resolution are here given:

[Private-wire telegram.]

46GFR So. St. Paul. JULY 8, 1916.

L. F. SWIFT:

For information have any of the exchanges agreed to wire committee Borland resolution requesting report be unfavorable to investigation.

J. S. BANGS.

[Vice President St. Paul Union Stock Yards Co.]

9.48 AM

[Private-wire telegram.]

CHICAGO, *July 8, 1916.*

Mr. J. S. BANGS,

Swift & Company, South St. Paul, Minn.

Answering St. Joseph wired Friday that exchange would hold meeting this morning voting against passage Borland resolution and would notify committee at Washington of their action.

10:00 AM. LOUIS F. SWIFT.

(MSB)

[Private-wire telegram.]

CHICAGO, *July 8, 1916.*

J. S. BANGS,

Swift & Company, South St. Paul, Minn.

St. Joseph Live Stock Exchange did not agree to act as body but practically all commission firms there are sending individual messages this morning to Congressmen from their district, also to chairman Judiciary Committee, House of Representatives at Washington.

HJN:MS. LOUIS F. SWIFT.

11.35 am.

[Private-wire telegram.]

73 Gfkg. ST. PAUL, 11.

L. F. SWIFT: Answering. Live stock exchange here do not think advisable to wire protest against the Borland resolution on account of their voting favorably for it at Cincinnati convention but may succeed in getting individuals to wire protest.

12.10 p. J. S. BANGS.

[Private-wire telegram.]

38 Gfk. ST. PAUL, 12.

L. F. SWIFT: Considerable number commission men sending telegrams protesting against investigation also association of commerce wiring.

11.30 a. J. S. BANGS.

[Private-wire telegram.]

CHICAGO, *July 8, 1916.*

J. S. BANGS,

Swift & Company, South St. Paul, Minn.

Have advice that Denver Live Stock Exchange will wire Judiciary Committee protesting against the passage of the Borland resolution. Indianapolis exchange doing same, although they went on record at Cincinnati as being in favor of the resolution. This means they are reversing themselves. Think can get Buffalo Live Stock Exchange protest also.

11:25 AM. LOUIS F. SWIFT.

(MS B)

Personal. K. C., 7/8/16.

Mr. T. E. WILSON, *President.*

Borland resolution.

Your telegram on this was received yesterday afternoon while I was away from the office. I reached Mr. Hill as soon as possible and then decided that inasmuch as the people at the yards who might do us some good had already gone home for the day, we would handle it this morning.

Mr. Hill circulated around among the commission men to ascertain how they stood and the joint result of our influence, Morris's, Armour's, and Swift's was the sending of about twelve telegrams from commission men asking no action be taken at this time as it would be detrimental to the producer.

In the meantime we were working with Mr. Hovey of the Inter-State, Mr. Collett, of the Yards Co. and Mr. Newman of the Drovers. Mr. Newman wired a friend of his in Kansas to have Congressman Taggart apply as much pressure as could be done consistently to have the investigation stopped in the interest of the producer. Mr. Peter Goebel of the Commercial National Bank wired Taggart along the same lines, likewise Mr. Prouty of the Exchange State Bank.

On Monday Mr. Hill will see Mr. Cowgill, one of the directors of the S. W. Cattle Loan Company, a prominent cattle raiser, ex-State treasurer, and a Democratic politician, who will see Kemper, a prominent Democrat and President of the Commerce Trust Co., and together we hope they will do some wire pulling that will prove beneficial. They are able to do it and we hope to accomplish it.

To-day we met Mr. Dorsey, a friend of Hill's and mine, a cattle raiser of Amarillo, who is going to the latter place to-night to attend a stockmen's convention. He is with us and will do what he can for us at the convention.

To-morrow morning I meet Mr. Hovey and will frame up a wire to Fuqua, president of a bank at Amarillo, an officer of the Panhandle Southwest Cattle Raisers' Ass'n, and a very extensive ranchman himself. Hovey thinks without doubt Fuqua will go just as far with us in this proposition as he can and that being somewhat a diplomat will be able to handle the convention in the way that will at least not do us any damage.

The Mercantile Club of Kansas City, Ks., will probably send a wire to Congressman Taggart along the lines we suggest. Our friend Swinney of the First National

also wired Senators Stone and Reed stating it was an inopportune time to stir this matter up.

In short, we have as many lines working as we feel can do us any good at this time and intend to follow them up. I anticipate more can be done by Cowgill and Kemper on Monday than all the rest combined.

I had quite a long talk with Mr. Hovey of the Inter-State this morning, who is unquestionably very friendly to our interests and gave me an insight as to the standing of several of his large depositors, one of whom was Landergin of Landergin Bros. of Amarillo, who testified in Washington a short time ago. Mr. Hovey was of the opinion a large majority of the cattle raisers were against us, which opinion was not shared by Mr. Collett.

Mr. Hovey feels the packers are giving the public a square deal and this being the case should court an investigation as to cost alive, cost to manufacture, and selling price.

All of the packers were working on this this morning, prominently among them C. W. Armour.

Keep us posted.

OSB'G
CC'CHH

P. S.—Since the above was dictated I have talked to Collett by phone, who stated Swinney wired Senators Stone and Reed to "put the skids" under this proposition and get rid of it. Downing, president of the New England National, also wired, likewise Huttig, president of the National Reserve Bank. Mr. Collett told me he would be in Chicago next Monday and here Tuesday. Perhaps you will get a chance to see him.

[Signed] O. S. Bowman.
[Manager Wilson & Co., Inc., at Kansas City.]

Copy sent to F. B. White and Nelson Morris 9/10/16.

St. Joseph Stock Yards Co.,
South St. Joseph, Mo., July 8, 1916.

Mr. Louis F. Swift,
Chicago, Ill.

Dear Sir: Your wire of July 7th regarding Borland resolution: I got in touch with the most responsible commission firms here this morning and succeeded in having fifteen firms wire our Congressman, Charles Booher, and Edwin Y. Webb, chairman Judiciary Committee, Washington, as per copies of messages attached.

Your wire referred to Joseph Taggart as being our Congressman. No such Congressman from this State, and it was decided it would be best to wire E. Y. Webb, chairman of the Judiciary Committee.

The following commission firms sent wires as per copies attached, which hope will at least have some weight in our favor in defeating the Borland resolution:

Cooper & Windle Com. Co.
Daily Live Stock Com. Co.
Davis & Son.
Baker & Young.
Missouri Live Stock Com. Co.
Crider Bros. L. S. Co.
J. C. Wheeler & Sons.
Baker & Wheeler.
Swift & Henry.
Wood Live Stock Com. Co.
Prey Brothers & Cooper.
St. Joseph Live Stock Com. Co.
Burlington L. S. Com. Co.
J. P. Emmert & Co.
Kent Live Stock Com. Co.

Yours truly,

[Signed] J. O. Barkley,
V. P. & G. M.

JOB/B
cc–ABS

[Private-wire telegram.]

CHICAGO, *July 8, 1916.*

MR. ALDEN B. SWIFT,
Swift & Company,
South St. Joseph, Mo.

Referring Vance's message Friday. Has St. Joseph Live Stock Exchange passed resolution condemning passage Borland resolution? and is there action being communicated to the Judiciary Committee of the House of Representatives at Washington? Letter feature is important.

Wire.

LOUIS F. SWIFT,

(MSB)

[Private-wire telegram.]

ST. JOE, *July 8th, 1916.*

87 S S

LOUIS F. SWIFT,
Care K "SYS 104 date."

Answering. St. Joseph Live Stock Exchange refused to act as body, but practically all commission firms here are sending individual messages this morning to Congressman from this district, also to chairman Judiciary Committee of House of Representatives at Washington.

ALDEN B. SWIFT.

1123 am

[Private-wire telegram.]

ST. JOE, *July 8th, 1916.*

66 S S

LOUIS F. SWIFT: Refg. Message seventh I would have to send messages to my friends asking them wire their protests and will do so if you think advisable but seems to me such messages from me might have comeback later on do not expect shippers to be here so can talk to them until grass cattle come within next two weeks. Please advise by wire.

I. A. VANT.

1038 am

SWIFT & COMPANY,
South Omaha, Neb., July 8, 1916.

MR. LOUIS F. SWIFT,
Pres. Swift & Company,
Chicago, Ill.

Re: Borland Resolution.

DEAR SIR: Referring to your telegram of July 7th, I was not able to get in touch with any of the commission men yesterday afternoon after receipt of your telegram.

Have talked with several commission men to-day, who are friendly, and while they are opposed to this resolution, very few of them seem to be willing to wire Mr. E. Y. Webb, as they figure they will do more harm than good. This, in view of the fact that the live-stock exchange here endorsed the resolution made by the president of the National Live Stock Exchange at Cincinnati, but they have all promised to work with their shippers and try to get their shippers—such as Heber Hord and E. G. Gould—to wire Congressman E. Y. Webb, which they think would have more effect with the committee.

A good many of the commission men are away to-day and those whom we do not see to-day we will talk with Monday and do what we can in the matter.

Yours, respectfully,

SWIFT & COMPANY.
Per [signed] H. O. E.

Manager's Office.
MCE MR

[Private-wire telegram.]

JULY 7, 1916.

Personal.

MILLS, *St. Louis.*

Can you not use your influence with live-stock exchange to stop any investigation at this time? Answer.

E. A. TAMBLYN.

500 pm

LFS EFS CHS ADW RCM (Personal.)

[Private-wire telegram.]

NS YDS, *July 7/16.*

401 p

TAMBLYN: Answg. Subject your wired on has been thoroughly talked over with commission men at this point by Swift, Morris, Armour, and Yard Co. I find this exchange agreed at the National Live Stock Exchange meeting at Cinti. this spring to support McClure resolution which was in favor investigation and claim they can not go back on that.

MILLS.

LFS EFS CHS ADW RCM (Personal.)

(Copy.)

COMMITTEE ON THE JUDICIARY,
HOUSE OF REPRESENTATIVES U. S.,
Washington, D. C., July 14, 1916.

BARSE COMMISSION COMPANY,
National Stock Yards, Ills.

MY DEAR SIRS: I am in receipt of your telegram of July 8th, in regard to the resolution (H. Res. 148), introduced by Congressman Borland, of Kansas City, and providing for an investigation of the packers as to whether there is a combination among them to control prices of their products, etc.

I note your views regarding same and am glad to have them. I agree with you in the belief that there is no need for the investigation, and as a member of the Judiciary Committee, I will oppose it. It seems to be a continuation of the attempt of the Democratic administration to coerce the business of the country. Instead of helping business along proper lines there seems to be a desire continually to harass it for political benefit. I am glad to see that you are opposing such a farcical performance; I will fight it with all my might.

With kind regards, I beg to remain

Yours, very truly,

L. C. DYER.

LFS EFS CHS ADW RCM WL Extra.

SWIFT & COMPANY,
Ft. Worth, Tex., July 10th, 1916.

Mr. L. F. SWIFT,
Swift & Company, Chicago, Ill.

DEAR SIR: Referring to your telegram reading:

"Hearings on the Borland resolution were closed in Washington yesterday. The committee is now considering their report and we believe it would be disastrous for the committee to recommend an investigation at this time. It would have a tendency to disturb the present satisfactory conditions which would result in lessened consump-

tion. The packers have been under constant surveillance since 1902, their profits are shown to be lower than that of any other industry in the country, and such investigation can not accomplish any further reduction in wholesale prices of meat or increase the price of live stock paid producers, the investigation can only be hurtful, accomplish no good, and will be a wasteful expense. Please get in touch commission men and producers who are friendly requesting them to wire Congressman E. Y. Webb, who is chairman of the Judiciary Committee, urging that the committee do not report in favor of an investigation."

We took up the matter with a number of commission men here, also Messrs. Nail, Reynolds, and Armstrong and a number of other prominent cattle men, and a number of telegrams were sent to Washington. Armour did likewise.

Mr. Meeker's articles appeared in several of the Texas papers; copy from the various papers herewith attached.

Yours truly,

[Signed] GOGGINS.

[Western Union night telegram.]

7/8/16.

W. P. DICKEY,
Care Portland Cattle Loan Co.,
North Portland, Oregon.

Message received. In order to be effective protests should be telegraphed to Washington at once and in no case later than Monday.

LOUIS F. SWIFT.

[Western Union telegram.]

121 chzw 33 Blue 10.37 a. m.

YD NORTH PORTLAND, ORE.,
July 8th, 1916.

LOUIS F. SWIFT: Answering. Will get busy with local commission firms. Have written our best customers and Congressman McArthur from this district, urging that the committee disfavor an investigation. Expect to be in Chicago July nineteenth.

3.20 p. m. W. P. DICKEY.

[Western Union telegram.]

130vhZW 45 Blue. 1146 Mam 8.

YD NORTH PORTLAND, ORE.

LOUIS F. SWIFT: Answering wire this date. Being Saturday, practically all the commission men are either out of the city or unable to reach them. Believe all will sign satisfactory telegram to Congressman E. Y. Webb Monday. Will get all signatures possible Monday morning and wire you results.

3.45 p. m. WM. H. DAUGHTREY.

[Sulzberger & Sons Company. Private wire telegram.]

7/7/16.

Same message sent to E. H. Hill, Okla.

SLACK, *Oklahoma City.*

The Borland resolution was up for hearing again in Washington yesterday before the House Judiciary Committee, of which Edwin Y. Webb, of North Carolina, is chairman. This committee took the matter under advisement and will report next week and unless considerable influence is brought to bear it looks now as though they would report Borland resolution favorably to the House. We feel that an investigation at this time would be a great mistake and would be detrimental to the live stock and packing industry. Conditions at the present time can not be but satisfactory to the producers

and an investigation is bound to create a lot of unfavorable comment and a great deal of talk about the high price of meat, which will result in driving the people away from consumption of it, and this will necessarily reflect back to the purchase price of live stock. Will you immediately get in touch with such of the commission men and shippers that you feel would be interested enough to send telegrams to any of the members of the Judiciary Committee of the House and if not acquainted with any of the members, direct to the chairman, strongly advising against a hearing at this time. Quick action on this matter is very important, and I wish you and Mr. Hill would put in considerable time on it, getting as many as you possibly can to wire as above. It is also very important that a number of messages be sent to Dick T. Morgan, Congressman from Oklahoma, who is on the Judiciary Committee.

GA 1.45 p. m. T. E. W.

[Sulzberger & Sons Company. Private wire telegram. Chicago.]

(Received from Kansas City, Kans., July 8, 1916.)

145 Oklahoma.

WILSON: Ansg. The commission men at meeting agreed to protest against investigation and will send messages to Washington. Canvassing the situation this morning. President Gault, State board of agriculture, will get out quite a number of messages. Chamber of commerce and others working on the proposition, will be glad to do all possible.

12.48 p. HUTCHINGS.

THE DENVER STOCK YARDS BANK,
UNION STOCK YARDS,
Denver, Colorado, July 8, 1916.

Mr. LOUIS F. SWIFT,
c/o Swift & Company, Chicago, Ill.

DEAR SIR: Your telegram of yesterday relative to hearings on the Borland resolution was received late in the afternoon, and after discussing the matter with our directors, I sent telegrams to Hon. Edwin Y. Webb, chairman of the Judiciary Committee of the House of Representatives at Washington, and also to the Colorado Members of Congress; copies of which telegrams are enclosed herewith.

Mr. Butcher and I are getting in touch with the various commission men and producers, in accordance with your request, and will report later as to what success we may have in that connection.

Yours very truly,

FJD:L [Signed] F. J. DENISON, *President.*

Enc.

SWIFT & COMPANY,
Denver, Colo., July 10th, 1916.

Mr. R. C. MCMANUS,
Swift & Company, Chicago, Ill.

Borland bill.

DEAR SIR: After seeing telegrams received by our bank, Stock Yard Company, Armour & Company and Clayton regarding above, and after being called into conference with them, took the initiative to have our Denver Live Stock Exchange pass resolution protesting against the passage of this Borland bill, which they did Saturday, and I so advised you by wire.

Have had a number of commission men, cattle men, and cattle feeders wire protests, strong ones, and also had Bill Harris, president of the Colorado Live Stock Inspection

Board, wire protest as for the board, and he also asked Congressman Chas. Timberlake, of our First Colorado district, do all he could to oppose the bill.

Chairman Gates (a cattle man) of the Democratic State committee of Colorado wired personally to both our U. S. Senators and three Congressmen, all Democrats, explaining the necessity and importance of defeating this bill, as its passage would affect the consumption of meats and result disastrously in lower prices to the cattle producer, etc.

Harris and Clayton (Republicans) taking care of Charlie Timberlake, the only Republican in Congress from Colorado.

We believe the situation in the way of protests from Colorado will do material good.

Yours respectfully,

JB/L [Signed] JAMES BRENNAN.

(Copy.)

AMERICAN NATIONAL LIVE STOCK ASSOCIATION,
OFFICE OF THE SECRETARY,
515 Cooper Building, Denver, Colo., 7/10/16.

DENVER LIVE STOCK COMMISSION CO.,
Stock Yards, Denver, Colo.

GENTLEMEN: We regret very much to write you about the matter that took place about July 8th, which we understand was at an informal and not regularly called meeting at the Exchange building. We understand the following commission men were present:

Mr. Blakley, of Blakley Commission Co.
Mr. Campion, of Sigel-Campion Commission Co.
Mr. McKee, of McKee Live Stock Commission Co.
Mr. Brewster and Mr. Talbot, of Great Western Commission Co.
Mr. Kemper, of Denver Live Stock Commission Co.
Mr. Stevens and Mr. Smith, of Clay, Robinson & Company.
Mr. Swearington, of Prey Brothers Commission Co.
Mr. Griest, of American Commission Company.

At this meeting we are advised a resolution was passed that it was the sense of the Denver Live Stock Exchange that our Congressmen and Senators be sent a telegram protesting against the investigation of the packers, as proposed in the Borland bill.

We also understand that at this meeting, every one voted in the affirmative for this, except Mr. Griest, of the American Commission Company.

There were others present who were not commission men, including, as we understand it, the manager of Swift & Co. and also the manager of Armour's interests.

So that you may understand what is going on, at a hearing in Washington on the 6th, an amended resolution was presented to the Judiciary Committee of the House, which takes the place of the Borland resolution, and has been approved by Mr. Borland and accepted by him in place of the resolution originally introduced by him.

Furthermore, the Secretary of Agriculture wrote a letter to Mr. Borland, stating that his department was not prepared to make this investigation, and that he thought the proper place was the Federal Trade Commission, but that his aid would be available to the Commission at any time.

In addition to this, you may know that a large number of stock growers in Colorado and Wyoming are behind this movement, and voted both their financial and moral support, and are tremendously interested in it; many of these stock growers being among the very best customers of our market, and many of them also being your clients. Besides this, the National Live Stock Exchange in its last convention went on record as favoring this movement.

We take it for granted that you could not have been informed of all of this, or you would not have taken the action you did.

You will of course realize that if your action is permitted to stand, people who are working for this investigation and who are very much in earnest, will necessarily have to make public to the stockmen who are supporting it, the action taken at your meeting the names of those who were present and how they voted. You realize that this certainly would not be favorable to bringing business to Denver, and we respectfully ask you to immediately call a meeting in the proper way, and reconsider this question; at this meeting the facts of the case should be presented in a way that you can all understand and where it can be debated, to the end that this market need not be injured and that you yourselves will not suffer from an action no doubt taken under a misconception and without having given it the consideration to which it was entitled.

We are sure that the market committee of the American National Live Stock Association feels that it would like to work with the commission men; it also feels that the commission men are supported by the commission paid by the stockmen, and that when the commission men understand the situation fully they will be very slow indeed to go on record against their customers.

The first thing that should be done, and it should be done very promptly, is to recall any telegram that may have been sent to Washington; otherwise you will no doubt promptly realize that when the real situation is explained in Washington, these telegrams will act as a bomerang and perhaps result in injury where you expect good.

In the meantime, we trust you will take this matter in the friendly spirit that prompts us to write it.

Yours very truly,

[Signed] T. W. TOMLINSON,
Secretary.

[Private wire telegram.]

73 fhy 66BLUE WW

YD DENVER, COLO., *July 14, 1916.*

LOUIS F. SWIFT: Rush. Answering am inclined to believe that Tomlinson's letter will not be received by the exchange and I have been working to that end. Have talked with some commission men and speculators; some are lukewarm and some want to receive the letter taking action to expel deRicqles firm for uncommercial conduct. I have thought best exchange should not receive letter as it comes from an outsider.

J. BRENNAN.

1111a

SWIFT & COMPANY STOCK YARD STATION,
Denver, Colo., July 15, 1916.

MR. LOUIS F. SWIFT,
Union Stock Yards, Chicago, Ill.

Tomlinson's letter re Borland bill.

DEAR SIR: Referring to exchange of telegrams regarding above wish to advise that this matter will be handled conservatively by me, and then only on advice from you on reported prospective developments.

At this writing the matter has quieted to some extent and it will rest, no reply being made to the letter.

Yours respectfully,

SWIFT & COMPANY.

Manager's office.
JB/L.

THE SIOUX CITY STOCK YARDS CO.,
Sioux City, Iowa, July 8, 1916.

Mr. L. F. SWIFT,
Union Stock Yards, Chicago, Ill.

DEAR SIR: Referring to your telegram of July 7th, asking us to get in touch with commission men and producers who would write the chairman of the Judiciary Committee at Washington, I beg to advise that we have had several messages sent to-day and are arranging for more to go the first of the week.

Our traveling men will take up the matter with the men they may see, and a number of commission men are mailing to-day to certain picked customers letters, copy of which I enclose. The live-stock exchange adopted the enclosed resolution this morning, and the copy has been wired to Chairman Webb and to Congressman Steel of this district. I understand that Congressman Steele, who was originally in favor of the Borland resolution, is now opposed to it.

Telegrams have been received by the exchange here from the exchanges at Denver and South St. Paul, asking what action has been taken and they have been advised by wire that this exchange has passed and forwarded resolutions against the bill.

Yours truly,

[Signed] F. L. EATON,
President and General Manager.

Enc.
FLE:O.

Copy of the resolution enclosed in the above letters:

Whereas the Borland bill, demanding an investigation of the live-stock packing business of the country, is now before the Judiciary Committee of the House of Representatives, and we therefore deem it proper that we should make known to the committee our position on this matter; and

Whereas the National Live Stock Exchange, of which we are a member, is reported to have voted in favor of the proposed investigation when it voted to approve an action previously taken by its president which had not been submitted to this exchange for consideration; and

Whereas the members of this exchange, by the nature of their business are now and for many years have been in close touch with the live-stock business of this country in all its phases, and believe that any such investigation as is proposed would result in a great disturbance of the business, during the long period of such investigation, and would undoubtedly cause a decrease in the consumption of meat, resulting in lower prices to the producer; and

Whereas previous investigations have shown that the margin of profit to the packers is less than in most other kinds of business, and we believe that another investigation at this time will only result in great expense with no benefit to the producer or consumer: Therefore,

Resolved, That the Sioux City Live Stock Exchange in a special meeting duly called and assembled earnestly protests against the adoption by Congress of the Borland bill and respectfully requests the committee to report against any investigation at this time.

Above resolution was unanimously adopted by the Sioux City Live Stock Exchange July 8, 1916, and copy wired Chairman Webb and Congressman T. J. Steele.

Another enclosure in the above letter:

WAGNER, GARRISON & ABBOTT,
206–208 EXCHANGE BLDG., STOCK YARDS.
Sioux City, Iowa, July 8, 1916.

DEAR SIR: Hearings on the Borland resolution in Washington to investigate the packers were closed yesterday. The committee is now considering their report, and we believe it would be disastrous to the live-stock interests for a committee to recommend an investigation at this time.

It would have a tendency to disturb the present satisfactory conditions, which would result in lessening consumption. The packers have been under constant surveillance since 1902. Their profits have been shown to be lower than any other industry in the country, and such investigation can not accomplish any further reduction in wholesale prices of meat, or increase the price of live stock on foot. The investigation can only be hurtful and accomplish no good and be a wasteful expense.

It occurs to me that you as well as all other producers in the Northwest should be vitally interested against an investigation at this time. The general public are prone to follow the hue and cry of a few small agitators, and this investigation will of necessity bring forward the result that the public will be inclined to boycott the big packers, and also form vegetarian clubs, which will of necessity make less demand for cattle on hoof, and accordingly depressed values and lower prices, which naturally falls upon the producer.

If you agree with me, will you kindly send a telegram immediately about as follows to Mr. Edwin Y. Webb, chairman Judiciary Committee, Washington, D. C.

"I am a producer of live stock and strenuously opposed to the Borland resolution with an idea of investigating the packers, and respectfully request that you do not report in favor of an investigation at this time, as it can only have the result of unsettling the good healthy relations that now exist in the live-stock industry."

Hoping that you will comply with my request, I am,

Yours very truly,

(Private wire telegram.)

Copy to RCM, ADW, JMC, GFS, Jr., HHS, HV, WL, FSH.

CHICAGO, *March 31, 1916.*

ALDEN B. SWIFT,
Swift & Company,
South St. Joseph, Mo.

Following gentlemen have agreed to attend in our behalf hearing at Washington. D. C., on Borland resolution and will leave Chicago on Pennsylvania limited five thirty Saturday evening.

Commission men: Van Norman, Kay Wood.

Cattlemen: Nail and Reynolds, Fort Worth; Clayton and Campion, Denver: Clay, North Salem. Ind.; Bragg, Tuscola, Ill.; Hayner, Taylorville, Ill.

Several of these men of high standing and much influence, and may want you to accompany them.

How many of them do you know personally and could you arrange be in Chicago Saturday so as to go with them if wanted?

Wire.

LOUIS F. SWIFT.

AD
9:30 AM

WOOD BROTHERS, UNION STOCK YARDS,
CHICAGO, *July 8th, 1916.*

Mr. LOUIS F. SWIFT, *Chicago.*

DEAR Sir: Here is a telegram we have sent to-day to the chairman of the Judiciary Committee, which represents our views on the subject.

Very truly, yours,

KW [Signed] KAY WOOD.
Enc.

[Western Union Day Letter.]

CHICAGO, ILL., *July 8th, 1916.*

Honorable EDWIN Y. WEBB,
Chairman Judiciary Committee, Washington, D. C.

We are one of the largest commission dealers in live stock on the principal markets and are well acquainted with conditions governing them. Never in the history of the live-stock industry have prices been as high on every kind and more satisfactory to the producer. We also know that an investigation of the character described by the Borland resolution would reveal nothing not already known to those intimate with the conditions, and would show that prices of live stock are absolutely regulated by the laws of supply and demand and circumscribed by nothing else. We are also certain that such an investigation would be harmful to every branch of the industry, as they never fail to cause widespread prejudice. We therefore wish to register our emphatic protest against it.

WOOD BROTHERS,
By KAY WOOD.

Prepaid.

The following two letters report the situation in Washington after the receipt of the packer-inspired letters and telegrams regarding the Borland resolution and the proposed investigation of the packing industry:

JULY 17, 1916.

Mr. LOUIS F. SWIFT,
President Swift & Company, Chicago.

Borland Resolution.

DEAR SIR: I was in Washington Thursday and Friday, July 13 and 14. While there I called upon Senator Wadsworth, Representative Mann, and Chairman of the Federal Trade Commission Hurley. I learned that the Borland resolution will not be taken up for consideration by the House of Representatives at this session of Congress. I also was informed that if the Federal Trade Commission should be instructed to make an investigation under this resolution, they would make such investigation as though it were an investigation originating with the Commission; that is, that the investigation will be made by the Federal Trade Commission's own examiners and employees, without publicity, and directly with the concerns or the industry to be investigated, and that, under no circumstances, will there be, during this investigation, public hearings at which attorneys may participate, or at which they may examine or cross-examine witnesses.

I also learned that the petition signed by 125 representatives which Mr. Borland claimed to have had never been filed or made a part of the record of the hearings before the subcommittee, and will probably not now be ever filed, for the reason that many of the signers are withdrawing their names.

I met Mr. Tomlinson, secretary of the National Association, who informed me he was in Washington to ascertain what had become of the Borland resolution; that Congressmen had been swamped with telegrams and letters opposing the investigation; that he supposed they were inspired, but did not know, but that at any rate such action had slowed up the committee, and that it was uncertain, so far as he could learn, when the resolution would be reported to the House by the committee. He agreed with me that the entire industry would be benefited if the cattle raisers and the packers were working together instead of fighting each other, and said that he was anxious to do what he could to bring about such a situation.

Sincerely yours,

HENRY VEEDER.

Copies to A. M. T. E. W.
A. R. U. G. F. S. Jr.
T. C. R. C. M.
E. M. A. D. W.
M. W. B.

CHICAGO, *July 26, 1916.*

Mr. LOUIS F. SWIFT: Referring to Mr. Henry Veeder's letter of July 17th to you regarding Borland resolution, and the fact that the Borland resolution evidently will not be taken up for consideration at this session of Congress.

It seems to me this gives us time enough to change the sentiment toward the Borland resolution to considerable extent, and I would recommend this: 1st. By working on such people as Emil Ingwersen; and 2nd. By doing something, even though nothing very radical, in the way of publicity.

If we can change the sentiment in the next two or three months as much as it has changed in the past two or three months, working up some more telegrams like were sent by the East Buffalo Live Stock Association on July 18th, I don't think there will be any investigation.

[Signed] CHARLES H. SWIFT.

Copy to GFS, Jr.
ADW.
JMC (Hold)

EXHIBIT 5.

Protests of Live-stock Producers against Violent Price Fluctuations of Live Stock.

On July 8 and 9, 1915, at Denver, Colo., a conference was held between the members of the special committee on markets appointed by the American National Live Stock Association, the members of the standing committee of that association on stockyards and live-stock exchanges, a committee appointed by Gov. Carlson, of Colorado, to investigate the marketing of live stock, several Government officials, and other representative stockmen from various sections of the West. This conference sent a letter to the Secretary of Agriculture requesting that he arrange for a public hearing on the marketing of live stock. In this letter violent price fluctuations were accentuated as the chief cause for investigation. On this subject the letter said:

It was clearly shown at the conference that in recent years violent fluctuations have occurred in the prices of live stock on the various markets, which do not seem to

be justified by the natural law of supply and demand. The conference committee believes that this situation has resulted in making production unprofitable, in curtailing the food supply of the Nation, and in depriving the producers of a fair return on their investments and increasing the cost of living to the consumer, and that a remedy for these most unsatisfactory conditions is of paramount importance to the Nation.

While recognizing the necessity of continuing the present methods of marketing and distributing live stock and its products, we feel that some system can and should be worked out to the end that the present wide fluctuations and uncertainties in the existing system be eliminated, so far as practicable, thereby giving producers a measure of protection and increasing production.

In an address before the annual convention of the American National Live Stock Association in 1915, Henry A. Jastro, for many years president of the association, said:

These ruinous fluctuations are not unusual; while frequent, they occur without any regularity. Under present conditions, when a feeder fills his feed lots with stock for fattening, he is speculating on the price he will receive when ready for market. This speculative element has driven many out of the business and deterred others from engaging in it.

These ups and downs in the market do not exist to so great an extent in any other live-stock-producing country on the globe. It may be that so long as the present centralization of the meat packing and other allied industries at large markets continues it will be difficult to correct the evils flowing from wide fluctuations in prices.

The following resolution was passed at the annual convention of Texas stock growers at Amarillo, March 1, 1916:

We further demand that the Federal Government provide a commission similar to the Interstate Commerce Commission, with absolute power to prevent unnecessary, unnatural, or unlawful changes in the prices of live-stock, and other food products.

The following resolutions were adopted at the Wichita convention of the Kansas Live Stock Association, February 10, 1916:

We, the members of the Kansas Live Stock Association assembled in the city of Wichita, do hereby, through these resolutions, promulgate our ideas and what steps we consider should be taken to give even-handed justice to the producers and feeders of the beef, pork, and mutton, which is one of the greatest industries of the State.

We call special attention to the fact that, for reasons which have not been satisfactorily explained to us, we believe the markets of the Nation have been so manipulated that the industry is crippled and the producer wronged. At the same time the consumer receives no benefit, but pays tribute, the same as we, to the packing houses and the parties who stand between producer and consumer.

T. W. Tomlinson, secretary of the American National Live Stock Association, and speaking as representing the consensus of opinion of this large organization of live-stock raisers, made the following remarks at the Bureau of Markets conference in Chicago in November, 1915:

We would to-day have a greater surplus of meat-food animals were it not for the unstability and uncertainty of the market, coupled with the fear of the effect of the free-meat bill and unsatisfactory land conditions in the range territory. Violent fluctua-

tions in the market have a deterrent influence on our production, particularly the fattening of live stock. The finishing of live stock in the feed lots is a most hazardous and speculative undertaking. There are frequent erratic fluctuations that can not be accounted for upon any legitimate effect of supply and demand. Many of these fluctuations, to our judgment, are not controlled by supply and demand. A drop of $1 per 100 pounds in a couple of days can hardly be explained on that theory.

We believe that to-day the market fluctuations are more rapid and violent than ever in the history of our industry and that they are caused by a centralization of the buying power into the hands of fewer large slaughterers.

J. H. Mercer, live-stock commissioner of Kansas, speaking at the Bureau of Markets conference in Chicago, November, 1915, said:

We expect fluctuations; we expect daily fluctuations at the market centers on our products, but what concerns us is what brings about those violent fluctuations that cause men to go broke in one day.

E. L. Burke, of Omaha, a well-known live-stock feeder said at the same conference:

It must be evident to all that this enormous decline in the production of beef, concurrently with the rapid increase in population, is a very serious matter. The principal reason for this great falling off in beef production is not far to seek. For many years the cattle feeder, who is the principal beef producer, has worked under conditions where he has not only been unable to secure a fair return for labor, risk, and capital invested, but he has often had to face terrific losses. He has had no possible way of hedging against these losses, and under the present system, he can have none. One hears the question on all sides: What's the matter with the cattle feeding business? The fact is that beef production in the corn belt has become the most hazardous and uncertain legitimate business that a man can engage in. Outside of gambling on the Board of Trade or the New York Stock Exchange, I know of nothing to compare with it.

Probably the worst thing the feeder had to contend with is these violent fluctuations. The plausible contention is made by the packers that the rapid advances are an offset to the declines, but such is far from the case, as fully three-quarters of the cattle are bought on the days of heavy receipts, reducing the average cost far below the average daily prices. Under this system, the producer of beef finds the market a veritable "ignis fatuus"; he grabs for it, only to find it vanished before he can grasp it. Many well-informed people think that there can be no artificial manipulation of prices of beef cattle on foot, because prices have reached such a high plane. These people fail to differentiate between the control over the general plane of process and manipulation covering short periods. Over the former it is true that the large concerns have little, if any, lasting control, but over the latter they are all powerful and use that power to the ruin of the feeder. The policy of the buyers to encourage big receipts by rapidly advancing prices on light days so as to force enormous declines on days of heavy receipts is the bane of the business.

Producers of pork and mutton are in much the same predicament. The markets on all classes of live stock are subject from time to time to raids which even the wisest are unable to figure out on any legitimate basis of supply and demand. To illustrate: Early last winter it was the cattle market; last July it was the lamb market; and within the past few weeks the hog has had to suffer about $2 decline. The producer stands aghast at declines of from $1 to $2 per hundred within very short periods with our exports enormous and our industries running full time.

Possibly a more representative expression of protest against the instability of the live-stock market than any of the above may be found in the recent utterance of the special advisory committee of 23 which during the spring of 1917 was called to Washington to counsel with the Department of Agriculture and Food Administration. These 23 members, well-known producers and leaders in agricultural thought, came from all parts of the United States. From the text of the report and recommendations of this advisory committee, as printed in the April 6, 1918, Weekly News Letter of the Department of Agriculture, the following is taken:

Wide, uncertain, and unexpected fluctuations in market prices of live stock have been a fruitful source of loss and discouragement to the producer. Costs of production, volume of supplies, and demands of consumption do not appear to be the sole factors entering into the price question. On the contrary, market manipulation can often be held accountable for price fluctuations. From the mere fact that supplies of live stock may come to market in large volumes on certain days or weeks, it does not necessarily follow that there exists fundamental overproduction of such supplies throughout the land, nor a necessity for lower prices, based on the total volume of supplies available for market as disclosed by disinterested and accurate Government statistical information. Thereafter the only legitimate influence in prices should be based on the volume of demand.

Exhibit 6.

Detailed Statistics of Concentration of Interstate and Local Wholesale Slaughtering (1916).

The following table gives, in detail, the statistics of slaughter in 1916, showing concentration of control by the Big Five. The number of animals slaughtered by each subsidiary and allied company of the Big Five is given. The independent interstate slaughterers are classified into three size groups and the total slaughter of each group is given. The local wholesale slaughterers are all given as one group.

	Number slaughtered.			
	Cattle.	Calves.	Sheep.	Hogs.
INTERSTATE SLAUGHTERERS.				
Big packer group:				
Swift & Co	1,788,409	442,411	3,164,315	6,144,976
Subsidiaries—				
Andalusia Packing Co	21			31,439
Bimbler & Co				273,037
G. H. Hammond Co	138,165	15,164	274,346	498,184
J. J. Harrington & Co		6,196	175,746	
Omaha Packing Co		8,002	2,913	339,718
Plankinton Packing Co	49,008	140,975	35,169	486,574
Sturtevant & Haley Beef & Supply Co	7,841			
United Dressed Beef Co	124,020			
Van Wagenen & Schickhaus & Co				154,613
Western Packing Co	32,038	1,878	35,614	194,887
Moultrie Packing Co	701			78,125

	Number slaughtered.			
	Cattle.	Calves.	Sheep.	Hogs.
INTERSTATE SLAUGHTERERS—continued.				
Big packer group—Continued.				
Swift family—				
Consolidated Rendering Co.	3,098	2,267	1,504	4,406
S. S. Learnard	4,430			
Nevada Packing Co.	10,777	977	22,478	13,425
New England Dressed Meat & Wool Co.	21,439	113,420	337,931	763
North Packing & Provision Co.				598,342
Oakland Meat & Packing Co.	15,323	2,229	38,767	19,545
Sperry & Barnes Co.				169,232
Springfield Provision Co.				150,793
J. P. Squire & Co.				644,890
Union Meat Co.	29,067	1,184	103,406	180,007
Western Meat Co.	87,692	2,728	231,627	132,150
White, Pevey & Dexter Co.				138,191
Animals slaughtered for Swift interests by independent slaughterers	13,989	20,847	11,036	80,456
Total	2,276,068	758,278	4,434,854	10,333,755
Armour & Co.	1,277,522	278,128	2,289,374	4,998,605
Subsidiaries—				
Armour & Co. of Texas	182,244	74,428	94,100	431,916
Colorado Packing & Provision Co.	26,020	2,233	10,602	170,129
Fowler Packing Co. of Missouri				446,759
Jersey City Stock Yards Co.	11,799	82,514	180,162	698,078
Hammond Packing Co.	110,203	5,811	111,716	546,381
New York Butchers Dressed Meat Co.	76,052	27,036		
E. H. Stanton Co.	12,715	195	20,659	95,319
Wabash Packing Co.	6,042	900		36,030
Armour-Allerton interest, Pittsburgh Packing & Provision Co.	87,943	24,701	49,909	166,694
Armour-Flippen interest, Armstrong Packing Co.	7,353	387		104,179
Animals slaughtered for Armour interests by independent slaughterers	1,016			81,252
Total	1,748,909	446,393	2,756,522	7,775,342
Morris & Co.	1,036,426	175,939	1,106,233	2,728,075
Subsidiary—Jas. Stern & Son	62,325			
Morris family—				
Crescent City Stock Yards & Slaughter House Co.	39,918	18,381	943	21,239
Peerless Packing Co.	9,890		229	
Stock Yards Serum Co.				2,869
Universal Serum Co.				2,032
Animals slaughtered for Morris interests by independent slaughterers	3			
Total	1,148,562	194,320	1,107,405	2,754,915
Cudahy Packing Co.	388,077	64,422	501,233	1,516,679
Cudahy Packing Co. of Nebraska	207,560	23,007	482,735	721,497
Nagle Packing Co.	22,351	14,160	247,234	
Animals slaughtered for Cudahy interests by independent slaughterers	2,404	2,143		
Total	620,392	103,732	1,231,202	2,238,176
Wilson & Co., Inc.	604,257	122,350	888,341	1,196,146
Albert Lea Packing Co.	1,885	4,298	681	130,256
Mississippi Packing Co.	5,425	5,671	1,237	26,474
Morton-Gregson Co. of Delaware				168,044
Paul O. Reymann Co.	2,647	2,510	725	49,233
T. M. Sinclair & Co.	20,629			584,253
South Dakota Provision Co.				65,437
Wilson & Co., Inc., of California	26,138	2,200	63,179	62,960
Wilson & Co., Inc., of Oklahoma	80,105	11,671	18,362	852,250
Animals slaughtered for Wilson interests by independent slaughterers	815	8,519	16,366	
Total	741,401	152,219	988,891	2,635,081
Total for big packers	6,535,332	1,654,942	10,518,874	25,737,269

	Number slaughtered.			
	Cattle.	Calves.	Sheep.	Hogs.
INTERSTATE SLAUGHTERERS—continued.				
Independent slaughterers:				
Group I (companies slaughtering 500,000 head or over)[1]	411,182	82,515	182,162	5,928,472
Group II (companies slaughtering 100,000 to 500,000 head)[2]	497,634	287,936	1,123,276	6,936,559
Group III (companies slaughtering less than 100,000 head)[3]	517,993	144,791	302,729	3,479,261
Animals slaughtered for other companies by them and for them by other companies	14,313	9,636	45,222	24,159
Total, independent slaughterers	1,412,466	595,698	1,653,389	16,320,133
Total, interstate slaughterers	7,947,798	2,160,550	12,172,263	42,057,402
LOCAL WHOLESALE SLAUGHTERERS.				
925 concerns	829,060	487,488	1,235,261	3,204,435
Total, interstate and local	8,776,858	2,648,038	13,407,524	45,261,837

[1] The 8 companies in Group I are The Cleveland Provision Co., Cudahy Bros. Co., Jacob Dold Packing Co., Independent Packing Co., Kingan & Co., John Morrell & Co., St. Louis Independent Packing Co., Western Packing & Provision Co.

[2] The 43 companies in Group II are Arbogast & Bastian Co., Barton & Co., Boyd, Lunham & Co., Brennan Packing Co., Carstens Packing Co., Cincinnati Abattoir Co., Cochran, Hill & Co., M. Crane Co., The Danahy Packing Co., Jacob E. Decker & Sons, Dunlevy Packing Co., East Side Packing Co., John J. Felin & Co. Inc., Figge & Hutwelker Co., Frye & Co., Hammond, Standish & Co., Hauser Packing Co., Geo. A. Hormel & Co., Houston Packing Co., Indianapolis Abattoir Co., C. Klinck Packing Co., Krey Packing Co., Aaron Levy & Co., J. F. McMillan Co., The D. B. Martin Co., Miller & Hart, N. Y. Veal & Mutton Co., Ogden Packing & Provision Co., Parker, Webb & Co., Louis Pfaelzer & Sons, Rath Packing Co., Roberts & Oake, Inc., Rohe & Bros., J. M. & P. Scanlon, Inc., F. Schenck & Sons Co., Wm. Schluderberg & Son, Strauss & Adler, Inc., Sullivan Packing Co., Theurer, Norton Provision Co., F. G. Vogt & Sons, Inc., Washington Abattoir Co., Inc., Wilson Provision Co., William Zoller Co.

[3] The 144 companies in Group III are John Agar Co., A. Aron, Inc., Baton Rouge Abattoir, Jacob Bauers' Sons, Joseph Baum Packing Co., J. H. Belz Provision Co., Boise Butcher Co., Ltd., L. P. Bornwasser Co., Brown Bros., Inc., John J. Buckley Co. (Inc.), J. C. Bull, Jr., Co., Louis Burk, The Henry Burkhardt Packing Co., Butchers' Abattoir, The Butchers' Packing Co. of Cincinnati, Capitol Meat & Live Stock Co., Carondelet Packing Co., Central Iowa Poultry & Egg Co., Cheshire Farm, Chicago Packing Co., The Cochrane Packing Co., Nathan Cohen, The Columbus Packing Co., Comstock & Co., Consolidated Dressed Beef Co., Drummond Packing Co., Dryfus Packing & Provision Co., Dubuque Packing Co., Eckart Packing Co., Elliott & Co., John Englehorn, G. Erhardt & Sons, The Evansville Packing Co., Fergus Packing Co., A. Fink & Sons, The Wm. Focke's Sons Co., Jacob Folger Est., W. S. Forbes & Co., Freise Packing Co., Ernest Freund Packing & Manufacturing Co., L. P. Fuhrmann, D. Fullerton & Co., S. W. Gall, John A. Gebelein, E. Godel & Sons, Walter Gordon & Co., Greenwald Packing Co., Guggenheim Bros., R. Gums & Co., Hagan & Cushing Co., Thomas Halligan, Chas. S. Hardy, The Hart & Brother Co., Geo. Hausmann & Sons, Inc., Haverhill Abattoir Co., Heil Packing Co., K. Heinold & Co., Henneberry & Co., The John Hoffmann Packing Co., The John Hoffmann's Sons Co., C. Hohman & Sons, S. M. Holtsinger Co., Home Packing & Ice Co., Houlton Dressed Meat Co., The Hull & Dillon Packing Co., Inland Meat Co., Ltd., Interstate Packing Co., Inter-State Vaccine Co., Jacksonville Packing Co., John Jockers, Jones Dairy Farm, Jones & Lamb Co., Gustav Juengling, The E. Kahn's Sons Co., Kaufman Beef Co., Klinck Bros., Chas. G. Kriel, Kohrs Packing Co., Michael Kuhn, Jr., Lake Erie Provision Co., The Layton Co., C. Lehmann, M. & D. Levy, Lohrey Packing Co., Louisville Provision Co., The A. Lowenstein Sons Co., Luer Bros. Packing & Ice Co., Manhattan City Dressed Beef Co., A. H. March Packing Co., R. J. Maynes Co., Inc., The H. H. Meyer Packing Co., Henry Meyer's Sons, M. Mindlck Co., Missouri Valley Packing Co., Morristown Packing Co., Morristown Produce & Ice Co., H. K. Mulford Co., Natchez Dressed Beef Co., Neukoff Abattoir & Packing Co., Nuckolls Packing Co., The Ohio Provision Co., Olathe Packing Co., Chas. Pancero, Howard Pancero, Pearl Packing Co., Inc., E. W. Penley, G. F. Pfund & Sons, Reading Abattoir Co., William G. Rehn & Sons, Reiland Packing Co., The Rosslyn Packing Co., W. C. Routh & Co., The Royal Serum Co., Geo. Rupp Packing Co., Joseph Sahlen Estate, San Antonio Meat Co., The A. Sander Packing Co., Sartorius Provision Co., Jacob Schlachter Sons, Schloss, Held & Schloss, The J. & F. Schroth Packing Co., Seltzer Packing Co., Siegal-Hechinger Packing & Provision Co., Sihler Hog Cholera Serum Co., Standard Serum Co., Anton Stolle & Sons, C. Stoppenbach's Sons, The Chas. Sucher Packing Co., E. A. Tovrea & Co., Twin City Packing Co., Jacob Ulmer Packing Co., Valentine's Meat Juice Co., L. H. Van Dyck Co., C. F. Vissman & Co., Inc., Jacob Vogel & Son, Walla Walla Meat & Cold Storage Co., Waycross Packing Plant, Weill & Isaacs, J. & D. M. White, Williams Live Stock Co., The Chas. Wolff Packing Co., The Geo. Zehler Provision Co., The Zehner Bros. Packing Co.

Percentage of animals slaughtered by each of the Big Five (including their subsidiary affiliated and allied companies), by the different groups of independent interstate slaughterers and by local wholesale slaughterers, 1916.

	Cattle.		Calves.		Sheep.		Hogs.	
	Interstate.	Interstate and local wholesale.	Interstate.	Interstate and local wholesale.	Interstate.	Interstate and local wholesale.	Interstate.	Interstate and local wholesale.
Interstate slaughterers:								
Big packer group—	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Swift	28.6	25.9	35.1	28.6	36.4	33.1	24.6	22.8
Armour	22.0	19.9	20.7	16.9	22.7	20.5	18.5	17.2
Morris	14.5	13.1	9.0	7.3	9.1	8.3	6.5	6.1
Cudahy	7.8	7.1	4.8	3.9	10.1	9.2	5.3	5.0
Wilson	9.3	8.5	7.0	5.8	8.1	7.4	6.3	5.8
Total, big packers	82.2	74.5	76.6	62.5	86.4	78.5	61.2	56.9
Independent—								
Group I	5.2	4.7	3.8	3.1	1.5	1.4	14.1	13.1
Group II	6.3	5.7	13.2	10.8	9.2	8.4	16.5	15.3
Group III	6.5	5.9	6.7	5.4	2.5	2.2	8.2	7.7
Adjustment [1]	-.2	-.2	-.3	-.2	.4	.3	....	-.1
Total, independent interstate	17.8	16.1	23.4	19.1	13.6	12.3	38.8	36.0
Total, interstate	100.0	90.6	100.0	81.6	100.0	90.8	100.0	92.9
Local wholesale slaughterers	....	9.4	....	18.4	....	9.2	....	7.1
Grand total	....	100.0	....	100.0	....	100.0	....	100.0

[1] Adjustment made on account of animals slaughtered by members of the groups for others and by others for them.

Exhibit 7.

Meeting of the board of directors of the Union Stock Yard and Transit Company on Monday, May 7th, 1894.

Pursuant to a call issued by the Secretary of this Company a Special Meeting of the Board of Directors of the Union Stock Yard and Transit Company was held at the office of Mr. John Newell, Lake Shore & Michigan Southern Ry. depot on Monday May 7th, 1894, at eleven o'clock A. M.

Present F. H. Winston, John B. Sherman, John Newell, Marvin Hughitt, R. R. Cable, Geo. B. Harris, E. J. Martyn, A. H. Veeder, J. J. Mitchell and Jas. H. Ashby, Jno B. Sherman, Chairman, and Geo. T. Williams, Secy.

Minutes of the Executive Committee so far as same pertained to the donation to the Columbian Museum of the World's Fair Stock held by the Union Stock Yard & Transit Company, were read.

Upon motion of Mr. Veeder, seconded by Mr. Winston, it was resolved that the action of the Executive Committee in donating the Stock of the World's Fair to the Columbia Museum be ratified:

Upon motion of Mr. Veeder, seconded by Mr. Winston, it was resolved that the further reading of minutes be postponed until the next meeting.

The Committee on Track Matters was then asked to report, and Mr. Martyn, as Chairman, prefaced his report by the following remarks, it was found upon investigation that the trackage system, considered aside from the Stock Yards proper, was earning but a very small revenue. Also that it was evident that a good deal of money had got to be accumulated to provide for track elevation; and recommended the following resolution:

RESOLVED: That this Company shall make and collect a trackage charge on all live stock cars, loaded and empty, passing over the tracks of this Company, which trackage charge shall be the same as the trackage now charged on all other cars passing over the tracks of this Company—This resolution shall take effect on May 20th, 1894.

CHICAGO, ILLS., *March 19th, 1894.*

To the Board of Directors of the Union Stock Yard and Transit Company, Chicago.

GENTLEMEN: Your Committee appointed at the last meeting of your Board to report upon the suggestion of the President of your Company, that trackage should be charged upon all live stock cars passing over the tracks of your Company as is now charged upon other cars has carefully considered the matter and we beg to submit the following report:

Your Committee finds upon investigation that the Company is operating a terminal track system which was appraised in the year 1890 as being of the value of ten million ($10,000,000) dollars. Your Committee finds that for the past four years from 1890 to 1893 inclusive, the cost of maintaining and operating this system has been $1,131,810.91, or an average cost per year $282,952.72,

The average net revenue for the four years named has been $119,732.69. It is clear to your Committee that this return upon a system of tracks carefully appraised and valued as being worth $10,000,000, is entirely insufficient, amounting as it does to .0119 per cent. It is also apparent to your Committee that as all other cars do and have for a long period paid a trackage charge upon your tracks, we might be accused of permitting discrimination against dead freight in favor of live stock, unless this apparent discrimination is removed.

Your Committee are also informed and believe that within the near future, a large amount of money will be required by this Company to carry out the ordinances of the City of Chicago, in the Elevation of tracks—and other improvements for which expense provision must be made.

Your Committee therefore conclude that the same charge for trackage should be made on all live stock cars passing over your tracks, as is now made on cars carrying dead freight, and so recommend.

[Signed] JOHN B. SHERMAN
EDWARD J. MARTYN
ALBERT H. VEEDER

Mr. Newell dissented from the report of the Committee as embodied in resolution submitted by Mr. Martyn, saying—"A trackage charge on live stock coming into the Stock Yards would be put upon the shipper—the railroads not feeling able to sustain it—I think it would be taken out of other charges. In my judgment such a charge will react upon the Stock Yards Company and tend to drive business away from the Yards. Therefore I report against the adoption of

such a charge upon live stock",—Upon motion of Mr. Martyn, supported by Mr. Winston, it was resolved that such report of Mr. Newells be transcribed and filed.

The following additional report, signed by Mr. Harris, was submitted by him and read:

The undersigned, members of your Committee, report against the proposition to charge the same trackage on stock as on other car load freight for the following reasons:

I. Many years ago, when the Union Stock Yard & Transit Company was organized, the business was turned over by the railroads to the Stock Yards Company, as we are informed with the understanding that the charges should remain on the basis then adjusted, and that no charge for trackage on stock would be made, the Stock Yard Company undertaking to secure its profit from the feed and yardage charges. The said charges of the Stock Yards Company have been maintained while the transportation charges received by the railroad have steadily decreased.

II. As a guaranty that the railroad interests would always be treated fairly, and for no other purpose whatever, officers of the railroads were elected Directors of the Stock Yard Company. "As an example of the manner in which the business has been made profitable to the Stock Yard Company, and burdensome to the railroads, we call attention to the charge made for unloading stock. A charge of 25 cents per car for unloading Stock was originally made for the purpose of enabling the railroads which then owned the Stock Yards, to show a profit on the investment, and to justify the judgment of those railway officers who induced their Companies to make that investment.

When the charge for unloading was fixed, as above mentioned it was with the distinct agreement that it should be abandoned as quickly as the feeding and yarding charges made the business profitable. That time speedily arrived, but the unloading charge remain to this day a burdensome charge. Instead of burdening an unprofitable traffic with charges it cannot afford to pay, we think good judgement and good business requires the abolition of some of the charges now made, and among them the charge for unloading stock. In our opinion it will be unfortunate for all concerned, when the Stock Yard Company, and the Railroad Companies divide on this trackage or on any other important question.

III. It is impracticable to add Eighty Cents (80¢) or any other sum to the present charges, and pay that sum over to the Stock Yard Company, because the transportation charges are fixed by competition, and any such charge would necessarily have to be absorbed by the railroads, and the railroads cannot afford it.

IV. The Stock Yard Company cannot afford to make any additional charge, because competition stock would probably be diverted from the Yards in such quantity as to cause a net loss.

V. The proposed charge would be out of proportion to the railroad charges, and, in comparison therewith, seem extortiate and we fear that the application of such charges at this time would react to the disadvantage of all interests concerned in this question.

VI. The question of Stock Yards trackage and charges cannot be entirely divorced from the railroad side of the question, and we most respectfully urge that no charge be made. Having for nearly thirty years carried out the arrangement made, it would seem an inopportune time to add charges already exorbitant and provoke coments and comparisons, which must be expected and which will show that in view of value of property and franchises used, and value of services rendered, that the Stock Yard Company now makes larger charges and a larger profit from the live stock traffic than any interest or business coming in contact with it.

[Signed] GEO. B. HARRIS.

Upon motion of Mr. Hughitt seconded by Mr. Winston, it was ordered that the report submitted by Mr. Harris be placed on file and that a copy of the same be furnished the Directors.

After a very full and lengthy discussion of the whole matter, and upon suggestion of Mr. Mitchell the roll was called upon the passage of said resolution the vote being as follows:

Yes	*No.*
James H. Ashley	Marvin Hughitt
J. J. Mitchell	Geo. B. Harris
F. H. Winston	John Newell
A. H. Veeder	R. R. Cable
J. B. Sherman	
E. J. Martyn.	

There being six votes in favor of the resolution and four opposed to it, it was declared adopted.

After the ballot was announced and declared adopted Messrs. Cable, Hughitt, Harris and Newell tendered their resignations as Directors, but no action was taken thereon, and upon motion of Mr. Veeder the meeting then adjourned.

[Signed] JOHN B. SHERMAN *Chairman.*
GEO. T. WILLIAMS *Secy.*

EXHIBIT 8.

Agreement between the Chicago Junction Railways and Union Stock Yards Co. and the Chicago Stock Yards Co., relating to application of income, dated October 1, 1914.

An Agreement made this first day of October 1914 between The Chicago Junction Railways and Union Stock Yards Company incorporated under the laws of New Jersey (hereinafter called the *New Jersey Company*) of the one part the Chicago Stock Yards Company incorporated under the laws of Maine (hereinafter called the *Maine Company*) of the other part

WHEREAS the *Union Stock Yards & Transit Company* (hereinafter called the *Transit Company*) is a corporation duly organized under the laws of Illinois and has issued and outstanding 132,000 common shares of the par value of $100 each and $500,000 4½ per cent gold debentures dated 1st January 1910 payable 1st January 1920 issued under an indenture between the *Transit Company* and the *First Trust & Savings Bank* dated 1st January 1910

Common Shares	$13,200,000
Debentures	500,000
Total Capitalization of the *Transit Company*	$13,700,000

AND WHEREAS the *Chicago Junction Railway Company* (hereinafter called the *Railway Company*) is a corporation duly organized under the laws of Illinois and has now issued and outstanding 55,000 common shares of the par value of $100 each

Common Shares	$5,500,000
Total Capitalization of the *Railway Company*	$5,500,000

AND WHEREAS the railways of the *Transit Company* are leased to the *Railway Company* by instrument dated 1st December 1913 under which the *Railway Company* is bound to pay as annual rent the sum of $600,000 to the *Transit Company* or upon its order

AND WHEREAS the *New Jersey Company* now has issued and outstanding

(*a*) 130,000 shares of capital stock of the par value of $100 each of which 65,000 are 6 per cent cumulative preferred shares and 65,000 are common shares

Preferred Shares	$6,500,000
Common Shares	6,500,000

(*b*) $10,000,000 Five Per Cent Collateral Trust Gold Bonds dated 1st July 1890 payable 1st July 1915 issued under a deed of trust from the *New Jersey Company* to the *Central Trust Company of New York* dated 10th July 1890 whereby 120,000 shares of the *Transit Company* are pledged as security for the said bonds

5% Bonds	$10,000,000

(*c*) $4,000,000 Four Per Cent Forty Year Mortgage and Collateral Trust Refunding Gold Bonds dated 1st April 1900 payable 1st April 1940 issued under a mortgage and deed of trust from the *New Jersey Company* to *The Standard Trust Company of New York* dated 10th April 1900 whereby there are pledged as security for the said bonds 11,083 shares of the *Transit Company* 54,991 shares of the *Railway Company* and $2,500,000 Fifty Year General Mortgage Gold Bonds of 1907 of the *Indiana Harbor Belt Railroad Company* dated 1st July 1907 payable 1st July 1957 issued under a mortgage from the *Indiana Harbor Belt Railroad Company* to the *Guaranty Trust Company of New York* dated 1st

November 1907 and the said 120,000 shares of the *Transit Company* (subject to the lien of the said Five Per Cent Collateral Trust Gold Bonds)

4% Bonds	$4,000,000
Total Capitalization of the *New Jersey Company*	$27,000,000

AND WHEREAS the *New Jersey Company* has guaranteed the payment of the principal interest and sinking fund of a total authorized issue of $3,000,000 First Mortgage Five Per Cent Twenty Year Real Estate Improvement Bonds dated 1st March 1908 payable 1st March 1928 issued under a mortgage and deed of trust from *John A. Spoor Frederick S. Winston* and the *New Jersey Company* to the *Standard Trust Company of New York* dated 1st March 1908 of which there are now outstanding $2,584,000 bonds

Real Estate Bonds	$3,000,000

AND WHEREAS the *New Jersey Company* has guaranteed the payment of the principal and interest upon $2,327,000 first mortgage Four Per Cent Forty Year Gold Bonds of *The Chicago Junction Railroad Company* dated 1st March 1905 payable 1st March 1945 issued under a first mortgage from *The Chicago Junction Railroad Company* to the *First Trust and Savings Bank of Chicago* dated 1st March 1905

Railroad Bonds	$2,327,000

AND WHEREAS the *New Jersey Company* owns or controls all of the shares in the capital stock of the *Transit Company* and of the *Railway Company* now issued and outstanding

AND WHEREAS the *Maine Company* now owns 31,075 common shares of the *New Jersey Company* and certificates representing 33,922 common shares of the *New Jersey Company* have been deposited with the *Old Colony Trust Company* under an agreement between said *Old Colony Trust Company* and the *Maine Company* dated 27th September 1911 and the *Maine Company* has in accordance with the said agreement endorsed the said certificates as follows:

The *Chicago Stock Yards Company* does hereby guarantee to the holder of the shares evidenced by this certificate and the assigns of such holder and to the transferee hereof, to pay to the registered holder of said shares at the time of such payment, on the first days of January, April, July and October in each and every year, beginning on the 1st day of January 1912 a fixed sum amounting to two and one-fourth per cent. upon the par value of said shares, in consideration of which guaranty and the due and

punctual performance thereof from time to time, the holder of said shares and each and every assign thereof does hereby sell, assign, set over and direct to be paid to the *Old Colony Trust Company*, as Trustee under the agreement hereinafter mentioned, or upon its written order, any and all dividends and other payments out of earnings apportionable to the shares represented by this certificate or directed to be paid to the holder hereof, which may at any time be made by or on behalf of *The Chicago Junction Railways and Union Stock Yards Company*, or its successor, to be by said Trustee disposed of as in said agreement specified and provided.

This indorsement is placed hereon pursuant to and subject to the terms and conditions of a certain Trust Agreement dated 27th September 1911, signed by the *Chicago Stock Yards Company* and deposited with the *Old Colony Trust Company*, as Trustee, to which the holder hereof has assented and become a party.

Each and every assign or transferee of this certificate, by accepting delivery hereof, does accept and confirm the above-mentoined assent of the holder and the terms and conditions of said Trust Agreement and become a party thereto and does direct the placing of this indorsement on any new certificate which may be issued in lieu hereof.

CHICAGO STOCK YARDS COMPANY,

By

Assistant Secretary.

so that the *Maine Company* is now entitled to all of the income of the *New Jersey Company* applicable to dividends on the common shares of the *New Jersey Company*

AND WHEREAS the parties hereto desire to simplify their financial relations and operations for their mutual benefit and the protection of the various creditors holders of securities and shareholders respectively

NOW THEREFORE in consideration of the premises and of the mutual promises herein contained it is agreed by and between the parties hereto as follows

1. The *Maine Company* hereby guarantees to the *New Jersey Company* the prompt payment of the following

(*a*) All expenses interest and taxes payable by or chargeable to the *New Jersey Company* including certain principal and interest payments under the two contracts between *Richard Fitzgerald* the *Merchants' Loan & Trust Company* and *Anna L. Sexton* both dated 1st June 1914 and the interest on certain demand notes of the *New Jersey Company* aggregating $259,520 secured by 548 shares of the *Transit Company*

(*b*) The interest upon the said Five Per Cent Collateral Trust Gold Bonds and the said Four Per Cent Forty Year Mortgage and Collateral Trust and Refunding Gold Bonds when and as the same becomes due and payable and the *Maine Company* further agrees to make the payments and. to fulfil all of the obligations of the *New Jersey Company* under the mortgages and deeds of trust securing the said bonds except the payment of the principal of the said bonds

(*c*) All payments which the *New Jersey Company* may be required to make under and in accordance with Article 6 section 3 of the said mortgage and deed of trust from *John A. Spoor Frederick S. Winston* and the *New Jersey Company* to the *Standard Trust Company of New York* dated 1st March 1908 and all other payments other than the principal of the said First Mortgage Five Per Cent Twenty Year Real Estate Improvement Bonds which the *New Jersey Company* may be required to make under and in accordance with the covenants contained in the said mortgage to be performed by the *New Jersey Company*

(*d*) All payments which the *New Jersey Company* may be required to make by virtue of its guaranty of the interest but not of the principal of the said $2,327,000 First Mortgage Four Per Cent Forty Year Gold Bonds of *The Chicago Junction Railroad Company*

(*e*) Dividends at the rate of 6 per cent per annum upon the preferred shares of the *New Jersey Company* now issued and outstanding

(*f*) Fixed sums on the first days of January April July and October in each year amounting to 2¼ per cent upon the par value of all common shares of the *New Jersey Company* now or hereafter deposited with the *Old Colony Trust Company* as trustee under the said agreement dated the 27th September 1911

2. The *New Jersey Company* assigns and transfers to the *Maine Company* all its right title and interest in and to any dividends that may hereafter be declared by the *Transit Company* and the *Railway Company* respectively and all its right title and interest in and to all income and surplus earnings of the said companies or either of them that may now or hereafter be divisible or distributable among the shareholders of the said companies or either of them in the form of dividends or otherwise subject however to all obligations and agreements respecting such dividends and income as may now exist

3. The *New Jersey Company* as the owner of all of the shares in the capital stock of the *Railway Company* and in fulfillment of its obligation under the preceding paragraph hereof and for the purpose of insuring the performance by the *Maine Company* of its agreements hereunder hereby agrees to direct the *Railway Company* from time to time out of the funds in its treasury otherwise applicable to the payment of dividends on the shares of its stock owned by the *New Jersey Company* to pay the following

(*a*) On or before the 1st days of June and December in each year the *Railway Company* shall be directed to pay to the *Central Trust Company* of New York the sum of $250,000 to be applied

to the payment of interest on the said Five Per Cent Collateral Trust Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

(*b*) On or before the 15th days of March and September in each year the *Railway Company* shall be directed to pay to the *Guaranty Trust Company of New York* the sum of $80,000 to be applied to the payment of interest on the said Four Per Cent Forty Year Mortgage and Collateral Trust Refunding Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

(*c*) Whenever it shall from time to time appear that the *Railway Company* will have in its treasury funds sufficient to make the payments above specified as the same become due it may pay any surplus of the said funds to the *Maine Company* upon its request

4. The *New Jersey Company* as owner of all of the shares in the capital stock of the *Transit Company* and in further fulfillment of its obligations under paragraph 2 hereof and for the purpose of insuring the performance by the *Maine Company* of its obligations hereunder hereby directs the *Transit Company* from time to time out of the funds in its treasury otherwise applicable to the payment of dividends on the shares of its stock owned by the *New Jersey Company* to pay the following

(*a*) On or before the 25th days of March June September and December in each year the *Transit Company* shall be directed to pay to the *Old Colony Trust Company* the sum of $97,500 to be by it applied to the payment of the quarterly dividends on the preferred shares of the *New Jersey Company* now issued and outstanding

(*b*) On or before the 25th days of March June September and December in each year the *Transit Company* shall be directed to pay to the said *Old Colony Trust Company* the sum of $76,324.50 to be by it applied to the payment on the 1st days of January April July and October of the sums payable under the said agreement of the 27th September 1911 to holders of common shares of the *New Jersey Company* deposited thereunder or such other sums as may from time to time be sufficient and payable for that purpose

(*c*) Whenever it shall from time to time appear that the *Transit Company* will have in its treasury funds sufficient to make the payments above specified as the same become due it may pay any surplus of the said funds to the *Maine Company* upon its request

5. The *New Jersey Company* agrees that it will by irrevocable instrument order the *Transit Company* to authorize and direct the *Railway Company* to apply the annual rent of $600,000 payable under the said lease to the payments to be made by the *Railway Company* under the provisions of paragraph 3 hereof

6. All income of the *New Jersey Company* hereafter received or collected by it from any source whatever shall be by it applied *first* to the payment of its own expenses *second* to the payment of all taxes payable or chargeable to the *New Jersey Company* and the surplus if any then remaining shall be paid to the *Maine Company* upon its request but subject however to any agreements or obligations on the part of the *New Jersey Company* now existing Whenever practicable the *New Jersey Company* shall authorize the *Maine Company* to collect such other income direct from the source thereof and shall take all such proceedings and do all such acts as may be necessary or expedient to enable the *Maine Company* so to do

7. *The New Jersey Company* may from time to time with the written consent of the *Maine Company* issue additional bonds or debentures secured by mortgage or otherwise or may guarantee the payment of principal and interest of bonds and debentures of other companies associations organizations or individuals whether or not the same are secured by mortgage whenever such issue or guaranty appears to be for the best interest of the *New Jersey Company* And in the event that bonds or debentures are so issued or guaranteed the *Maine Company* guarantees to the *New Jersey Company* the prompt payment of all interest sinking fund payments expenses and taxes which the *New Jersey Company* may be required or obliged to make in respect of such bonds or guaranty

8. Both parties hereby agree to execute and deliver all agreements and instruments that may be necessary or proper to enable the provisions of this agreement to be carried out and fulfilled according to the true spirit hereof it being understood however that nothing herein contained shall be construed to require any corporation or person to do anything contrary to its existing contracts or obligations

9. The president or treasurer of the *Maine Company* and of the *New Jersey Company* respectively may from time to time determine all questions which may arise relating to the accounts between the said companies and may make such payments from one company to the other as may be necessary or convenient in order to carry out the true intent and purpose of this agreement

10. This agreement may be amended modified or rescinded at any time by action of the boards of directors or executive committees of the parties

to the payment of interest on the said Five Per Cent Collateral Trust Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

(*b*) On or before the 15th days of March and September in each year the *Railway Company* shall be directed to pay to the *Guaranty Trust Company of New York* the sum of $80,000 to be applied to the payment of interest on the said Four Per Cent Forty Year Mortgage and Collateral Trust Refunding Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

(*c*) Whenever it shall from time to time appear that the *Railway Company* will have in its treasury funds sufficient to make the payments above specified as the same become due it may pay any surplus of the said funds to the *Maine Company* upon its request

4. The *New Jersey Company* as owner of all of the shares in the capital stock of the *Transit Company* and in further fulfillment of its obligations under paragraph 2 hereof and for the purpose of insuring the performance by the *Maine Company* of its obligations hereunder hereby directs the *Transit Company* from time to time out of the funds in its treasury otherwise applicable to the payment of dividends on the shares of its stock owned by the *New Jersey Company* to pay the following

(*a*) On or before the 25th days of March June September and December in each year the *Transit Company* shall be directed to pay to the *Old Colony Trust Company* the sum of $97,500 to be by it applied to the payment of the quarterly dividends on the preferred shares of the *New Jersey Company* now issued and outstanding

(*b*) On or before the 25th days of March June September and December in each year the *Transit Company* shall be directed to pay to the said *Old Colony Trust Company* the sum of $76,324.50 to be by it applied to the payment on the 1st days of January April July and October of the sums payable under the said agreement of the 27th September 1911 to holders of common shares of the *New Jersey Company* deposited thereunder or such other sums as may from time to time be sufficient and payable for that purpose

(*c*) Whenever it shall from time to time appear that the *Transit Company* will have in its treasury funds sufficient to make the payments above specified as the same become due it may pay any surplus of the said funds to the *Maine Company* upon its request

5. The *New Jersey Company* agrees that it will by irrevocable instrument order the *Transit Company* to authorize and direct the *Railway Company* to apply the annual rent of $600,000 payable under the said lease to the payments to be made by the *Railway Company* under the provisions of paragraph 3 hereof

6. All income of the *New Jersey Company* hereafter received or collected by it from any source whatever shall be by it applied *first* to the payment of its own expenses *second* to the payment of all taxes payable or chargeable to the *New Jersey Company* and the surplus if any then remaining shall be paid to the *Maine Company* upon its request but subject however to any agreements or obligations on the part of the *New Jersey Company* now existing Whenever practicable the *New Jersey Company* shall authorize the *Maine Company* to collect such other income direct from the source thereof and shall take all such proceedings and do all such acts as may be necessary or expedient to enable the *Maine Company* so to do

7. *The New Jersey Company* may from time to time with the written consent of the *Maine Company* issue additional bonds or debentures secured by mortgage or otherwise or may guarantee the payment of principal and interest of bonds and debentures of other companies associations organizations or individuals whether or not the same are secured by mortgage whenever such issue or guaranty appears to be for the best interest of the *New Jersey Company* And in the event that bonds or debentures are so issued or guaranteed the *Maine Company* guarantees to the *New Jersey Company* the prompt payment of all interest sinking fund payments expenses and taxes which the *New Jersey Company* may be required or obliged to make in respect of such bonds or guaranty

8. Both parties hereby agree to execute and deliver all agreements and instruments that may be necessary or proper to enable the provisions of this agreement to be carried out and fulfilled according to the true spirit hereof it being understood however that nothing herein contained shall be construed to require any corporation or person to do anything contrary to its existing contracts or obligations

9. The president or treasurer of the *Maine Company* and of the *New Jersey Company* respectively may from time to time determine all questions which may arise relating to the accounts between the said companies and may make such payments from one company to the other as may be necessary or convenient in order to carry out the true intent and purpose of this agreement

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to the payment of interest on the said Five Per Cent Collateral Trust Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

(*b*) On or before the 15th days of March and September in each year the *Railway Company* shall be directed to pay to the *Guaranty Trust Company of New York* the sum of $80,000 to be applied to the payment of interest on the said Four Per Cent Forty Year Mortgage and Collateral Trust Refunding Gold Bonds of the *New Jersey Company* PROVIDED that after the said bonds shall have been paid or retired the said sums shall be paid in accordance with the order of the *Maine Company*

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6. All income of the *New Jersey Company* hereafter received or collected by it from any source whatever shall be by it applied *first* to the payment of its own expenses *second* to the payment of all taxes payable or chargeable to the *New Jersey Company* and the surplus if any then remaining shall be paid to the *Maine Company* upon its request but subject however to any agreements or obligations on the part of the *New Jersey Company* now existing Whenever practicable the *New Jersey Company* shall authorize the *Maine Company* to collect such other income direct from the source thereof and shall take all such proceedings and do all such acts as may be necessary or expedient to enable the *Maine Company* so to do

7. *The New Jersey Company* may from time to time with the written consent of the *Maine Company* issue additional bonds or debentures secured by mortgage or otherwise or may guarantee the payment of principal and interest of bonds and debentures of other companies associations organizations or individuals whether or not the same are secured by mortgage whenever such issue or guaranty appears to be for the best interest of the *New Jersey Company* And in the event that bonds or debentures are so issued or guaranteed the *Maine Company* guarantees to the *New Jersey Company* the prompt payment of all interest sinking fund payments expenses and taxes which the *New Jersey Company* may be required or obliged to make in respect of such bonds or guaranty

8. Both parties hereby agree to execute and deliver all agreements and instruments that may be necessary or proper to enable the provisions of this agreement to be carried out and fulfilled according to the true spirit hereof it being understood however that nothing herein contained shall be construed to require any corporation or person to do anything contrary to its existing contracts or obligations

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10. This agreement may be amended modified or rescinded at any time by action of the boards of directors or executive committees of the parties

IN WITNESS WHEREOF the parties have caused their respective common seals to be hereto affixed and these presents to be signed in their respective names and on their behalf by their respective officers thereunto duly authorized the day and year first above written Executed in four parts

THE CHICAGO JUNCTION RAILWAYS
AND UNION STOCK YARDS COMPANY
By FREDERICK H. PRINCE, *President*

Attest

[Seal of C. J. Rwys. & U. S. Y. Co.]

M. A. TAYLOR, *Secretary*

CHICAGO STOCK YARDS COMPANY
By NORMAN J. MACGAFFIN, *President*

Attest

EDWARD N. MANNING, *Secretary*

[Seal of C. S. Y. Co.]

EXHIBIT 9A.—*Condensed balance sheet of the Yards company, as of Dec. 31, 1917.*

ASSETS.		LIABILITIES.	
Investment account	$15,537,284.39	Capital stock	$13,200,000.00
Working assets and funds	1,597,944.57	Debenture notes	500,000.00
Deferred and unadjusted debit items	67,065.03	Working liabilities	641,814.65
		Accrued liabilities not due	384,377.37
		Surplus account	2,476,101.97
	17,202,293.99		17,202,293.99

EXHIBIT 9B.—*Condensed balance sheet of the Railway company, as of Dec. 31, 1917.*

ASSETS.		LIABILITIES.	
Investment account	$5,726,335.63	Capital stock	$5,500,000.00
Current assets	1,674,239.99	Current liabilities	454,158.99
Deferred and unadjusted debit items	135,565.51	Deferred and unadjusted credit items	537,123.50
		Corporate surplus	1,044,848.64
	7,536,131.13		7,536,131.13

EXHIBIT 9C.—*Condensed balance sheet of the Central Manufacturing District, as of Dec. 31, 1917.*

ASSETS.		LIABILITIES.	
Property investment	$11,929,415.15	Fixed liabilities	$3,850,000.00
Working assets	869,103.72	Working liabilities	560,395.89
Deferred and unadjusted debit items	24,434.68	Accrued liabilities	245,729.19
		Deferred credit items	38,961.81
		Due New Jersey company	4,088,181.80
		Increment in land values	3,842,795.42
		Profit and loss	196,889.44
	12,822,953.55		12,822,953.55

Exhibit 9D.—*Balance sheet of the New Jersey company, as of Dec. 31, 1917.*

ASSETS.

Investment account:		
132,000 shares capital stock of the Union Stock Yard & Transit Co., 54,991 shares capital stock of the Chicago Junction Railway Co., and other investments		$30,255,879.21
Interest and accounts receivable		202,501.00
Central Manufacturing District		500,000.00
Cash at bankers:		
Cash in banks	$148,019.89	
Collateral trust gold bonds (due 1915) coupon account	172.92	
Mortgage and collateral trust refunding gold bonds, coupon account	6,350.00	
		154,542.81
		31,112,923.02

LIABILITIES.

Capital stock:		
65,000 shares preferred, par $100	$6,500,000.00	
65,000 shares common, par $100	6,500,000.00	
		$13,000,000.00
Four per cent 40-year mortgage and collateral trust refunding gold bonds (deed of trust dated Apr. 10, 1900), $10,000,000 issued at 5 per cent under supplemental trust deed, dated Apr. 1, 1915		14,000,000.00
Notes payable		500,000.00
Accounts payable		16,808.62
Interest accrued on mortgage and collateral trust refunding gold bonds		165,000.00
Unpaid dividend vouchers		695.00
Unpaid coupons		6,525.00
Income tax payable (withheld)		7,346.10
Reserve for Federal Income tax		1,362.42
Surplus		3,415,185.88
		31,112,923.02

Exhibit 9E.—*Balance sheet of the Maine company, as of Dec. 31, 1917.*

ASSETS.

Cash on deposit		$509,612.25
Notes receivable:		
Armour & Co., due Feb. 27, 1918	$100,000.00	
F. H. Prince, demand, collateral	560,000.00	
		660,000.00
Securities owned:		
100 shares Chicago Junction Ry's. & Union Stock Yards Co		65,000.00
Old Colony Trust Co.:		
Cash on hand for tax		1,874.50
Securities pledged:		
31,100 Chicago Junction Railways & Union Stock Yards Co		6,220,000.00
Investment account		7,000,000.00
		14,456,486.75

LIABILITIES.

Common stock:		
80,000 shares		$8,000,000.00
Collateral trust 50-year 5 per cent bonds, due 1961, secured by 31,000 shares Chicago Junction Railways & Union Stock Yards Co		6,220,000.00
Suspended items payable:		
Bond interest accrued	$77,750.00	
Discount received in advance on notes	805.55	
P. H. Clark account, 3 shares Chicago Junction Co	109.65	
		78,665.20
Surplus account		157,821.55
		14,456,486.75

FOOD INVESTIGATION

REPORT

OF

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MEAT-PACKING INDUSTRY

V

PART III

Methods of the Five Packers in Controlling the Meat-Packing Industry

JUNE 28, 1919

WASHINGTON
GOVERNMENT PRINTING OFFICE
1919